

**ANNUAL
REPORT
2019**







SINO LAND COMPANY LIMITED • ANNUAL REPORT 2019

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 Standard Limited at Level 54, 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 Standard Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email at sinoland83-ecom@hk.tricorglobal.com.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Robert Ng Chee Siong, Chairman
 Daryl Ng Win Kong, JP, Deputy Chairman
 Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP#
 Allan Zeman, GBM, GBS, JP*
 Adrian David Li Man-kiu, JP*
 Steven Ong Kay Eng*
 Wong Cho Bau, JP*
 Ringo Chan Wing Kwong
 Gordon Lee Ching Keung
 Sunny Yeung Kwong
 Velencia Lee

(appointed on 1st July, 2019)

(# 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
 Ringo Chan Wing Kwong

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Velencia Lee

AUDITOR

Deloitte Touche Tohmatsu
 Certified Public Accountants, Hong Kong

SOLICITORS

Woo, Kwan, Lee & Lo
 Clifford Chance

SHAREHOLDERS' CALENDAR

Closure of Register of Members for entitlement to attend and vote at Annual General Meeting	21st October, 2019 to 24th October, 2019 (both dates inclusive)
Annual General Meeting	24th October, 2019
Closure of Register of Members for dividend entitlement	30th October, 2019 to 31st October, 2019 (both dates inclusive)
Record Date for final dividend entitlement	31st October, 2019
Last Date for lodging form of election for scrip dividend	22nd November, 2019 4:30 p.m.
Interim Dividend Paid	HK14 cents per share 23rd April, 2019
Final Dividend Payable	HK41 cents per share 3rd December, 2019

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
 Hang Seng Bank Limited
 The Hongkong and Shanghai Banking Corporation Limited
 DBS Bank Ltd., Hong Kong Branch
 China Construction Bank (Asia) Corporation Limited
 Industrial and Commercial Bank of China (Asia) Limited
 Standard Chartered Bank (Hong Kong) Limited
 Bangkok Bank Public Company Limited
 The Bank of East 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 Standard Limited
 Level 54, Hopewell Centre,
 183 Queen's Road East,
 Hong Kong
 Telephone : (852) 2980 1333
 Fax : (852) 2861 1465
 Email : sinoland83-ecom@hk.tricorglobal.com

LISTING INFORMATION

Stock Code 83

American Depositary Receipt

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of **Sino Land Company Limited** (“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 24th day of October, 2019 at 9:30 a.m. 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, 2019.
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, 2020.
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 or agreements 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 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
Executive Director

Hong Kong, 23rd September, 2019

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

Notes:

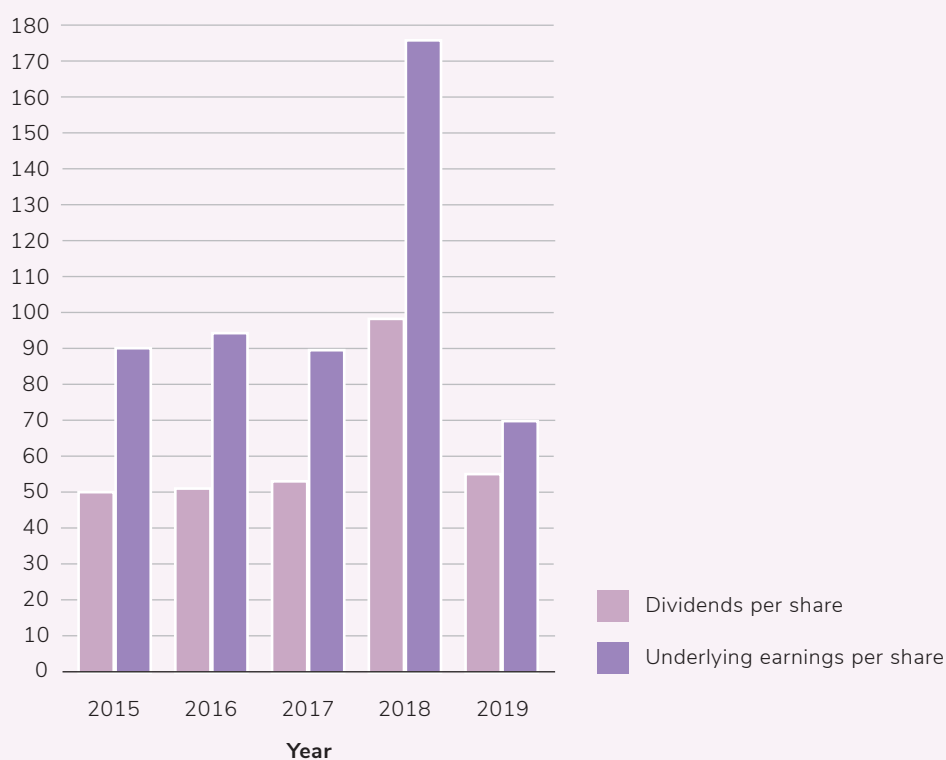
- (a) At the Annual General Meeting, the Chairman of the Meeting will put each of the above resolutions to the vote by way of a poll. On a poll, every shareholder who is present in person or by proxy shall have one vote for every share of which he/she is the holder.
- (b) Any shareholder entitled to 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, 24th October, 2019, the register of members of the Company will be closed from Monday, 21st October, 2019 to Thursday, 24th October, 2019, 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 Standard Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 18th October, 2019.
- (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, 31st October, 2019. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 30th October, 2019 to Thursday, 31st October, 2019, 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 Standard Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 29th October, 2019.
- (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. Daryl Ng Win Kong as Director of the Company.
 - (ii) re-elect Mr. Ringo Chan Wing Kwong as Director of the Company.
 - (iii) re-elect Mr. Gordon Lee Ching Keung as Director of the Company.
 - (iv) re-elect Ms. Velencia Lee as Director of the Company.

GROUP FINANCIAL SUMMARY

	2015 HK\$	2016 HK\$	2017 HK\$	2018 HK\$	2019 HK\$
Turnover	<u>21,838,516,109</u>	<u>10,803,690,687</u>	<u>18,333,874,993</u>	<u>10,730,234,383</u>	<u>8,009,912,578</u>
Underlying net profit from operations	<u>5,436,354,840*</u>	<u>5,748,981,277*</u>	<u>5,565,243,295*</u>	<u>11,247,096,992*</u>	<u>4,671,078,053</u>
Profit attributable to the Company's shareholders	<u>9,371,985,144</u>	<u>7,090,436,987</u>	<u>7,414,672,305</u>	<u>13,995,949,179</u>	<u>6,914,903,934</u>
Underlying earnings per share (cents)	89.87*	94.04*	89.32*	175.14*	69.68
Reported earnings per share (cents)	154.94	115.98	119.00	217.94	103.15
Dividends per share (cents)	50.0	51.0	53.0	98.0	55.0

* The comparative underlying profit and underlying earnings per share for the years ended 30th June, 2015, 2016, 2017 and 2018 have been restated to conform to the current year's presentation basis.

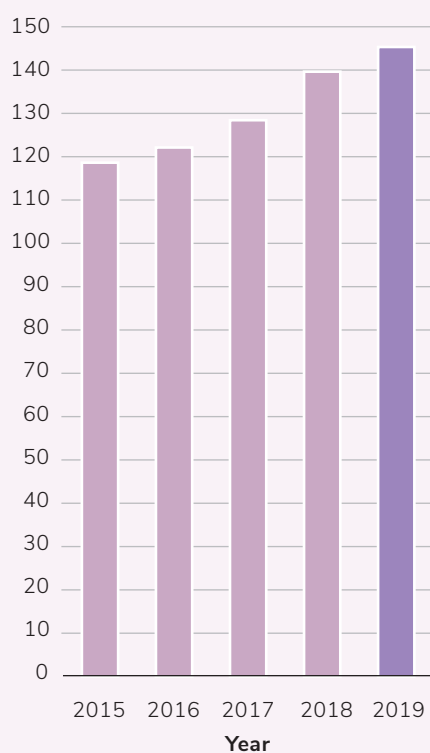
Underlying Earnings & Dividends Per Share (HK cents)



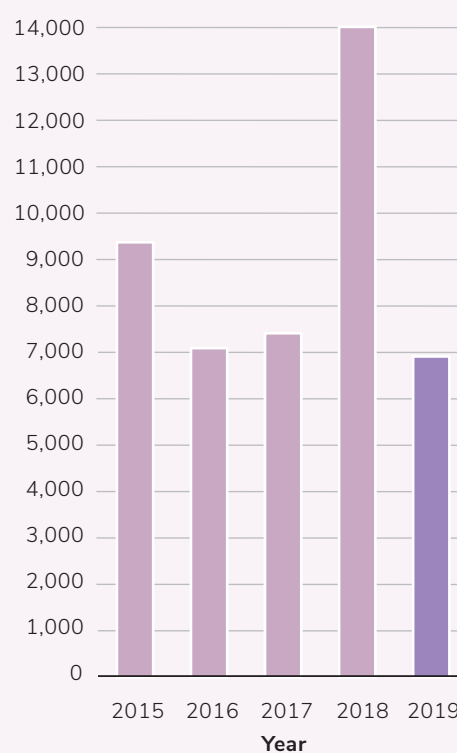
GROUP FINANCIAL SUMMARY (Continued)

	2015 HK\$	2016 HK\$	2017 HK\$	2018 HK\$	2019 HK\$
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
Non-current assets	90,598,939,732	90,771,041,127	94,319,325,140	105,863,032,858	106,204,235,953
Current assets	51,203,621,770	58,287,413,047	60,946,539,943	53,244,363,670	74,544,144,431
Current liabilities	(12,842,536,270)	(17,649,712,727)	(20,050,896,042)	(12,131,243,524)	(25,385,564,491)
	128,960,025,232	131,408,741,447	135,214,969,041	146,976,153,004	155,362,815,893
Share capital	37,667,764,680	38,657,017,941	40,590,631,436	44,560,016,005	47,324,776,293
Reserves	80,890,246,091	83,474,152,717	87,763,136,246	95,021,924,733	97,969,236,460
Shareholders' funds	118,558,010,771	122,131,170,658	128,353,767,682	139,581,940,738	145,294,012,753
Non-controlling interests	467,571,196	543,049,902	971,301,683	860,175,745	868,091,612
Non-current liabilities	9,934,443,265	8,734,520,887	5,889,899,676	6,534,036,521	9,200,711,528
	128,960,025,232	131,408,741,447	135,214,969,041	146,976,153,004	155,362,815,893
Shareholders' funds at book value per share	19.48	19.81	20.32	21.14	21.31

Shareholders' Funds (HK\$ Billion)



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

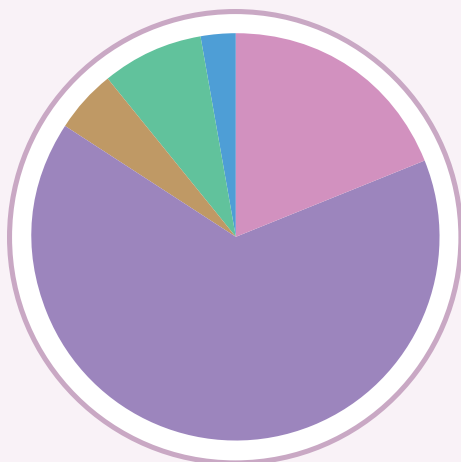


GROUP FINANCIAL SUMMARY *(Continued)*

The Company and its subsidiaries (the “Group”)

Breakdown of Segment Results

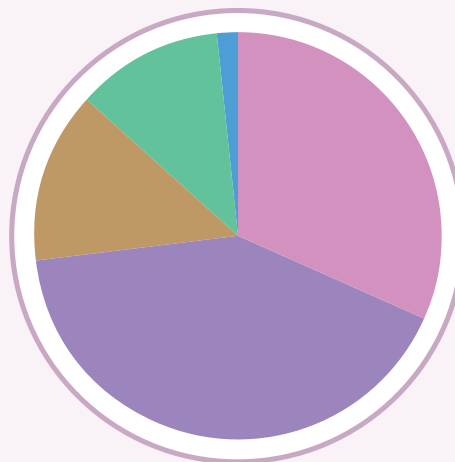
for the year ended 30th June, 2019



- Property sales **19.0%**
- Property rental **65.4%**
- Property management and other services **5.0%**
- Hotel operations **8.0%**
- Investments in securities and financing **2.6%**

Breakdown of Segment Revenue

for the year ended 30th June, 2019



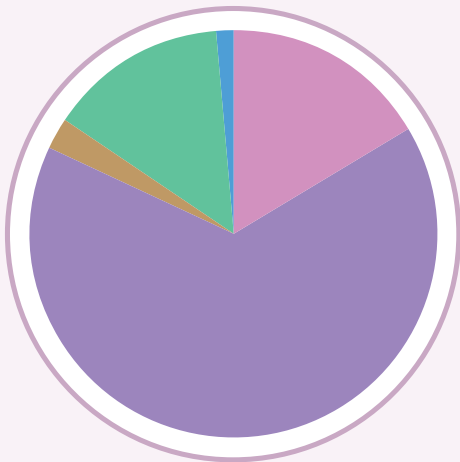
- Property sales **31.7%**
- Property rental **41.5%**
- Property management and other services **13.7%**
- Hotel operations **11.7%**
- Investments in securities and financing **1.4%**

GROUP FINANCIAL SUMMARY *(Continued)*

The Group and attributable share from associates and joint ventures

Breakdown of Segment Results

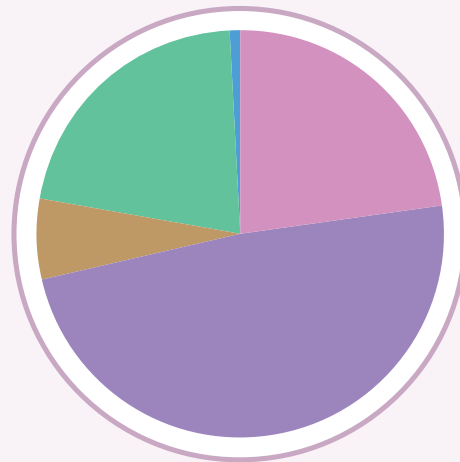
for the year ended 30th June, 2019



- Property sales **16.5%**
- Property rental **65.5%**
- Property management and other services **2.5%**
- Hotel operations **14.3%**
- Investments in securities and financing **1.2%**

Breakdown of Segment Revenue

for the year ended 30th June, 2019



- Property sales **22.8%**
- Property rental **48.6%**
- Property management and other services **6.4%**
- Hotel operations **21.5%**
- Investments in securities and financing **0.7%**

CHAIRMAN'S STATEMENT



CHAIRMAN'S STATEMENT *(Continued)*

I am pleased to present 2018/2019 Annual Report to the shareholders.

FINAL RESULTS

The Group's reported net profit attributable to shareholders for the year ended 30th June, 2019 ("Financial Year") was HK\$6,914.9 million compared to HK\$7,581.0 million last year excluding the one-off gain from disposal of 80% interest in its property development project The Palazzo, Chengdu. Net profit for the year ended 30th June, 2018 ("Last Financial Year") was HK\$13,995.9 million and included a one-off gain on disposal of subsidiary of HK\$5,653.0 million and a fair value gain on the 20% interest retained of HK\$761.9 million.

Earnings per share for the Financial Year was HK\$1.03 (2017/2018: HK\$2.18). The reported profit for the Financial Year included a revaluation surplus (net of deferred taxation) on investment properties of HK\$2,415.7 million compared with a revaluation surplus (net of deferred taxation) of HK\$2,184.1 million for the Last Financial Year.

The Group's underlying net profit attributable to shareholders, excluding the effect of fair-value changes on investment properties for the Financial Year was HK\$4,671.0 million compared to HK\$5,594.0 million last year excluding the one-off gain from The Palazzo, Chengdu. Underlying profit for the Last Financial Year was HK\$11,247.0 million, restated. Underlying earnings per share was HK\$0.69 (2017/2018: HK\$1.75, restated).

DIVIDENDS

The Directors have resolved to recommend a final dividend of 41 cents per share in respect of the Financial Year to shareholders whose names appear on the Register of Members of the Company on 31st October, 2019. Together with the interim dividend of 14 cents per share paid on 23rd April, 2019, the total dividend for the Financial Year is 55 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 24th October, 2019; 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 7th November, 2019. It is expected that the final dividend warrants and share certificates for the scrip dividend will be dispatched to shareholders on or about 3rd December, 2019.



BUSINESS REVIEW

(1) Sales Activities

Total revenue from property sales for the Financial Year, including property sales of associates and joint ventures recognised by the Group, was HK\$2,986.5 million (2017/2018: HK\$8,890.5 million).

Total revenue from property sales comprises mainly the sales of residential units in Commune Modern in Fanling (98% sold), The Spectra in Yuen Long (99% sold), Marinella (99% sold) and Providence Bay in Pak Shek Kok (99% sold) as well as the sales of carparking spaces in Mayfair By The Sea I and II, The Coronation, The Mediterranean and The Spectra. In respect of the sales of the commercial project at 38 Wai Yip Street in Kowloon East (49% sold), the Group obtained the Certificate of Compliance for the project on 27th June, 2019. In accordance with the Group's change in accounting policy on revenue recognition from property sales, earnings derived from this project will be recognised in the next financial year.

During the Financial Year, the Group launched three residential projects for sale, namely Grand Central in Kwun Tong which has 1,999 residential units (82% sold), Mayfair By The Sea 8 in Pak Shek Kok which has 528 residential units (76% sold) and Madison Park in Cheung Sha Wan which has 100 residential units (70% sold). To date, attributable revenue from property sales derived from Grand Central, Mayfair By The Sea 8 and Madison Park amounted to approximately HK\$22.4 billion.

(2) Land Bank

As at 30th June, 2019, the Group has a land bank of approximately 22.1 million square feet of attributable floor area in Mainland China, Hong Kong, Singapore and Sydney which comprises a balanced portfolio of properties of which 39.4% is commercial; 37.1% residential; 11.0% industrial; 7.1% car parks and 5.4% hotels. In terms of breakdown of the land bank by status, 9.3 million square feet were properties under development, 11.9 million square feet of properties for investment and hotels, together with 0.9 million square feet of properties held for sale. The Group will continue to be selective in replenishing its land bank to optimise its earnings potential.



Rendering

Grand Central

Central to the Kwun Tong Town Centre Development Areas, Grand Central enjoys the enormous potential the 'Energising Kowloon East' and CBD² initiatives bring about. It will feature a shopping mall and a public transport interchange at podium, in addition to providing about 1,495,981 sq.ft. of residential gross floor area in 1,999 residential units.

Grand Central is fitted with 5G-ready infrastructure; its public transport interchange will feature the award-winning 'City Air Purification System'. Additionally, it will have a greening ratio of 30%, smart irrigation system and renewable energy harvesting devices, creating a healthy environment for residents and supporting smart city development.

CHAIRMAN'S STATEMENT *(Continued)*BUSINESS REVIEW *(Continued)*(2) Land Bank *(Continued)*

During the Financial Year, the Group obtained the right to develop a residential project at LOHAS Park in Tseung Kwan O from MTR Corporation Limited (also known as LOHAS Park Package Eleven Property Development) with attributable floor area of approximately 382,587 square feet and acquired a site from the HKSAR Government with attributable floor area of approximately 11,582 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. Site C2 of The Remaining Portion of Tseung Kwan O Town Lot No. 70 LOHAS Park Package Eleven Property Development, Tseung Kwan O, New Territories, Hong Kong	Residential	Joint Venture	382,587
2. Lot No. 765 in Demarcation District No. 332 South Lantau Road, Cheung Sha, Lantau Island, New Territories, Hong Kong	Residential	100%	11,582
			394,169

***The Mediterranean***

An exquisite development at the Sai Kung Town Centre, The Mediterranean harmoniously blends with the soothing environs. The 297-unit project features beautifully presented landscaping with over 70 species of Hong Kong flora. The Mediterranean-style living is complete with comprehensive facilities.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

(2) Land Bank *(Continued)*

Subsequent to the Financial Year, the Group acquired 30% equity interest in a commercial project in Qianhai, Shenzhen in July 2019 with attributable floor area of 258,336 square feet. Details of the project are as follows:



Commune Modern

Conveniently located at the Fanling Town Centre, the development is in close proximity to Fanling Station and next to Luen Wo Hui. It provides 296 units and an exquisite shopping arcade.

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Floor Area</u> <i>(Square feet)</i>
Lot No. T102-0261 Land Parcel 03, Unit 7, Qianwan Area, Qianhai, Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen, People's Republic of China	Commercial	30%	258,336

CHAIRMAN'S STATEMENT *(Continued)*BUSINESS REVIEW *(Continued)*

(3) Property Development

During the Financial Year, the Group obtained Certificates of Compliance for three projects, namely Commune Modern, 38 Wai Yip Street and The Hillside. Details of the three 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. Commune Modern 28 Wo Fung Street, Luen Wo Hui, Fanling, New Territories, Hong Kong	Residential/ Commercial/ Car Park	100%	209,909
2. NKIL 6313 38 Wai Yip Street, Kowloon Bay, Kowloon, Hong Kong	Commercial	30%	147,040
3. The Hillside 9 Sik On Street, Wan Chai, Hong Kong	Residential	100%	11,195
			368,144

**The Hillside**

Nestled on a tranquil corner a short stroll from the heart of Wan Chai with MTR and a comprehensive transport network in the immediate vicinity, The Hillside offers convenient connectivity to all corners of the city. The 22 carefully designed one-bedroom suites are the embodiment of comfort and style.

BUSINESS REVIEW *(Continued)*

(4) Rental Activities



The Staunton

Located at the heart of the CBD and SoHo, the 57-suite development offers unparalleled convenience with a myriad of restaurants, bars and shops at the doorstep. Central Station is a mere 10-minute stroll away, bringing accessibility to all corners of the city.

For the Financial Year, the Group's gross rental revenue, including attributable share from associates and joint ventures, increased 3.8% to HK\$4,239.9 million (2017/2018: HK\$4,082.5 million) and net rental income increased 3.1% to HK\$3,685.2 million (2017/2018: HK\$3,572.0 million). Overall occupancy of the Group's investment property portfolio was at approximately 96% (2017/2018: 96%) for the Financial Year.

The Group's retail portfolio in Hong Kong recorded an increase in rental income with overall occupancy rate maintained at approximately 97% (2017/2018: 97%) for the Financial Year. The Group's flagship shopping malls, namely Tuen Mun Town Plaza Phase I, Olympian City 1, 2 and 3 showed steady leasing performance.

The leasing performance of the Group's office portfolio saw stable rental growth while overall occupancy rate was at approximately 96% (2017/2018: 96%) for the Financial Year. Leasing performance of the Group's industrial portfolio saw a steady rental growth with slight improvement in the occupancy rate to approximately 94% (2017/2018: 93%).

The Group'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, the Group would perform regular review of the properties. On service quality, the Group 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 2019, the Group has approximately 11.9 million square feet of attributable floor area of investment properties and hotels in Mainland China, Hong Kong, Singapore and Sydney. Of this portfolio, commercial developments (retail and office) account for 61.6%, industrial 14.7%, car parks 13.2%, hotels 7.7%, and residential 2.8%.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

(5) Hotels

The Group's portfolio of hotels comprises The Fullerton Hotel Singapore, The Fullerton Bay Hotel Singapore, Conrad Hong Kong, The Westin Sydney and The Olympian Hong Kong. Overall business performance of the Group's hotels was steady during the Financial Year. The Group will continue to improve the quality of its hotel services to ensure our discerning guests have enjoyable experiences during their stays in the hotels.

(6) Mainland China Business

On 8th April, 2019, National Development and Reform Commission ("NDRC") under the State Council released a policy to remove restrictions for household restriction or Hukou in cities with an urban population of 1 million to 3 million. This will enable workers who have migrated from rural areas to urban cities to be entitled to social benefits including health care and education as well as the right to purchase property in cities where they reside. This is part of China's reform on the Hukou registration system to facilitate Central Government's countrywide urbanisation plan. The reform of the Hukou system is positive for the housing market in Mainland China.

As at 30th June 2019, the Group has approximately 5.3 million attributable square feet of land bank in Mainland China. Of the total, approximately 4.3 million square feet are projects under development. These projects include 100% interest in Dynasty Park in Zhangzhou, 50% interest in a serviced apartment project in Qianhai and 20% interest in The Palazzo in Chengdu. Subsequent to the Financial Year, the Group acquired 30% equity interest in a new commercial development site located in Qianwan Area in Qianhai in July 2019. Including this site, total attributable floor area for the projects under development would be approximately 4.5 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, 2018.



The Fullerton Hotel Singapore
Housed in the historic building completed in 1928, The Fullerton Hotel Singapore is a hotel with 400 carefully designed rooms and suites. Its excellent location and comprehensive facilities make it ideal for both business and leisure travellers. The Hotel has received international awards and accolades in recognition of its standards of service.

On 7 December 2015, the building was gazetted as Singapore's 71st National Monument.



Sino International Plaza, Fuzhou
Located in the business centre of Fuzhou, Sino International Plaza is an international Grade A commercial building comprising office and retail space. The tower features a sky garden and a building façade made of energy-efficient 'Low-E' glass.

CHAIRMAN'S STATEMENT *(Continued)*

FINANCE

As at 30th June, 2019, the Group had cash and bank deposits of HK\$39,073.9 million. After netting off total borrowings of HK\$5,026.7 million, the Group had net cash of HK\$34,047.2 million as at 30th June, 2019. Of the total borrowings, 32.7% repayable between one and two years, 56.5% repayable between two and three years and the remaining between three and four years. The Group's borrowings are all subject to floating interest rates. Total assets and shareholders' funds of the Group were HK\$180,748.4 million and HK\$145,294.0 million respectively.

Management attaches significant importance on the sustainability of its business and operations and has made much effort to include environmentally-friendly elements and features in its development projects. In December 2018, the Group unveiled its Green Finance Framework which would guide the financing of sustainable building developments and enhancements that deliver environmental benefits in line with the Group's sustainability vision. The Group raised its first Green Loan named Sino Land Green Loan 2018 with total amount of HK\$2 billion and the proceeds will be used to finance the residential project at 24A Kadoorie Avenue in Kowloon.

As at 30th June, 2019, the majority of the Group's debts are denominated in Hong Kong dollars, with a portion in Australian dollars, mainly used to fund the project in Sydney. 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. The majority of the Group's cash are denominated in Hong Kong dollars with a portion in 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.

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, non-deal roadshows, site visits and participation in investor conferences.

CUSTOMER SERVICE

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

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE SOCIAL RESPONSIBILITY

As a committed corporate citizen, the Group has been actively participating in a wide range of community programmes, volunteer services, green initiatives, arts and cultural events and staff engagement activities to promote sustainability, environmental protection, arts and culture. In recognition of the Group's continuous efforts in promoting sustainability and upholding high standards in environmental, social and corporate governance aspects, Sino Land has been selected as a constituent company of the Hang Seng Corporate Sustainability Index Series since September 2012.

During the Financial Year, the Group published the Sustainability Review 2018, the annual update of sustainability efforts, demonstrating our commitment to building a more sustainable future. The Report has been prepared in accordance with Hong Kong Exchanges and Clearing Limited's 'Environmental, Social and Governance Reporting Guide' (ESG Guide) set out in Appendix 27 to the Main Board Listing Rules.

In a further effort to promote sustainability, the Group launched a structured tree recycling/upcycling scheme in September 2018 to make better use of these precious resources. About 190 trees have been collected from eight construction sites and 16 properties under the Group's management. Twigs and branches have been processed into mulch and compost that can be applied in the landscaped areas of the Group's properties. Some trunks and logs have been collected for upcycling to make furniture and art pieces.

In March 2008, the Ng Family set up a non-profit-making organisation, 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 and it has been operating as a non-profit-making social enterprise since March 2012. Named Tai O Heritage Hotel ('Hotel'), it is home to nine colonial-style rooms and suites, and is part of the HKSAR Government's 'Revitalising Historic Buildings Through Partnership Scheme'. The Hotel has received more than 1.2 million visitors and guests from Hong Kong and overseas since opening. It provides long-term employment opportunities for Tai O and Lantau residents, and has organised more than 100 community engagement programmes including cultural activities, community services and home care services for the elderly living in Tai O. The Hotel won Merit Award at the '2013 UNESCO Asia-Pacific Awards for Cultural Heritage Conservation', becoming the first UNESCO-awarded hotel in Hong Kong.



Dedicated to promoting heritage conservation and sustainable tourism, the UNESCO-awarded Tai O Heritage Hotel hosted the annual Open House in November 2018, welcoming over 2,000 local and overseas visitors. Students participated in the Young Ambassadors Programme and provided docent tours for visitors.

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS

The residential property market in Hong Kong was stable in the first half of 2019 despite increasing uncertainties in the global economy. With a slower pace of growth expected in Hong Kong's economy in the second half of 2019, the residential property market remains fundamentally sound due to keen demand and potential interest rate cuts in the United States. Going forward, the Greater Bay Area ("GBA") and Belt and Road Initiative will be the growth drivers for China and create business opportunities for Hong Kong.

Hong Kong has faced challenges since June this year and the economy has been impacted by internal and external problems. In the last two months, there have been rallies which have affected businesses, tourism and retail business. We sincerely hope that the disruption can settle down quickly and society can return to peace and harmony. We are confident in Hong Kong's solid foundation and resilience. Management will closely monitor the situation and minimise the impact arising therefrom by taking necessary and appropriate measures.

Central Government has recently announced a plan to transform Shenzhen into a pilot demonstration area of socialism with Chinese characteristics with a view to developing Shenzhen into a leading and model city in the world focusing on research and development, industrial innovation, medical technology, public services and ecological environment. This plan for Shenzhen will also be incorporated in the Central Government's framework for developing the GBA integrating all the key cities in the area through a better flow of people, capital, technology and information. Hong Kong is closest proximity to Shenzhen, and reforms for Shenzhen would be positive for both cities and bring complementary benefits to Hong Kong, particularly in technology innovation. Hong Kong can capitalise on its strengths and contribute positively to this national initiative. The economic growth generated from the plan will benefit Hong Kong and expedite its expansion within the GBA.

The Group will continue to optimise earnings, enhance efficiency and productivity and improve the quality of products and services. The Group's recurrent businesses, which comprise property leasing, hospitality and property management services, continue to contribute stable stream of income. In respect of property sales, the Group has a strong pipeline of property projects under development which will be launched for sale over the next few years. Management shall maintain a policy of selectively and continuously replenishing its land bank, which will enable it to strengthen earnings and shareholders' value. The Group is cautiously optimistic on the outlook of the property market in Hong Kong. With a good financial position and sustainable business strategy, the Group is well placed to respond to the changing economic environment and upcoming challenges.

CHAIRMAN'S STATEMENT *(Continued)*

STAFF AND MANAGEMENT

I would like to take this opportunity to welcome Ms. Velencia Lee to the Board. Ms. Lee was appointed as Executive Director with effect from 1st July, 2019.

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

Robert NG Chee Siong
Chairman

Hong Kong, 29th August, 2019

BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT

(I) EXECUTIVE DIRECTORS

Mr. Robert Ng Chee Siong^{N+}, aged 67, an Executive Director since 1981 and Chairman of the Group since 1991, was called to the Bar in 1975. He has been actively engaged in property investment and development in Hong Kong during the last 43 years and is also a director of a number of subsidiaries and associated companies of the Company. Mr. Ng is the Chairman of Tsim Sha Tsui Properties Limited, the holding company 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, a member of the 11th, 12th and 13th National Committee of the Chinese People's Political Consultative Conference ("CPPCC") and Deputy Director of the Committee for Economic Affairs of the 13th National Committee of the CPPCC. Mr. Ng is the father of Mr. Daryl Ng Win Kong, the Deputy Chairman 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 41, an Executive Director since April 2005 and Deputy Chairman of the Group since November 2017, 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 and Deputy Chairman of Tsim Sha Tsui Properties Limited and Sino Hotels (Holdings) Limited. He is also a Non-Executive Director of The Bank of East Asia, Limited, which is listed on the Hong Kong Stock Exchange and a Non-independent & Non-executive Director of Yeo Hiap Seng Limited, a company listed on the main board of the Singapore Stock Exchange. 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 and 13th 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 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 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 Estate Agents Authority 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 Board of M Plus Museum Limited, a Board Member of National Heritage Board, Singapore and a member of Hong Kong Trade Development Council Mainland Business Advisory Committee. 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)***(I) EXECUTIVE DIRECTORS**
(Continued)

Mr. Ringo Chan Wing Kwong, aged 59, an Executive Director since January 2008. He first joined the Company in 1988 and had been an Associate Director (Group Treasury) of the Company since 2005. He is also a director of a number of subsidiaries and associated companies of the Company. Mr. Chan holds a Master Degree of Business Administration and is a Fellow Member of the Association of Chartered Certified Accountants and an Associate Member of The Hong Kong Institute of Certified Public Accountants (Practising). Mr. Chan has over 35 years of experience in accounting and finance.

Mr. Gordon Lee Ching Keung, aged 59, an Executive Director since January 2013. Mr. Lee first joined the Company in 1989 and left the Company in 1995. He rejoined the Company in 1997 and has been an Associate Director (Development Division) of the Company since 2006. He is also a director of a number of subsidiaries and associated companies of the Company. Mr. Lee is a member of The Hong Kong Institute of Architects, a Registered Architect and an Authorized Person (Architect). He has extensive experience in design, project management, quality management, construction site management and cost management and is in charge of the Development Division.

Mr. Sunny Yeung Kwong, aged 64, an Executive Director since November 2016, holds degrees in Law, Arbitration and Dispute Resolution, and Architecture. He is a registered architect, a non-practising barrister and a Fellow of the Hong Kong Institute of Arbitrators. He has extensive experience in architecture, property and project management. Prior to joining the Company, he had held senior positions in various reputable organizations. He is also a director of a number of subsidiaries of the Company.

Ms. Velencia Lee, aged 54, an Executive Director since July 2019. Ms. Lee joined the Company as an Associate Director – Finance in 2011 and has been the Company Secretary of the Company since 2012 and the Chief Financial Officer of the Company since 2014. She is the Chief Financial Officer and the Company Secretary of Tsim Sha Tsui Properties Limited and Sino Hotels (Holdings) Limited, and also a director of a number of subsidiaries and associated companies of the Company. She is a graduate from the Imperial College of Science, Technology and Medicine, London, UK and has extensive professional knowledge and experience in accounting and finance. Ms. Lee is an Associate Member of The Institute of Chartered Accountants in England and Wales and an Associate Member of The Hong Kong Institute of Certified Public Accountants.

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

(II) NON-EXECUTIVE DIRECTOR

The Honourable Ronald Joseph Arculli, GBM, CVO, GBS, OBE, JP, aged 80, has been a Director of the Company since 1981 and was re-designated from an Independent Non-Executive Director to a Non-Executive Director in July 2005. The Honourable Ronald Arculli through Ronald Arculli and Associates provides consultancy services to the Company. He is also a Non-Executive Director of Tsim Sha Tsui Properties 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. 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).

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

Dr. Allan Zeman^{A N R}, GBM, GBS, JP, aged 71, an Independent Non-Executive Director of the Company since September 2004. He is also an Independent Non-Executive Director of Tsim Sha Tsui Properties Limited. Dr. Zeman is the Chairman of Lan Kwai Fong Group in Hong Kong. Dr. Zeman serves as an Independent Non-Executive Director and the Chairman of Wynn Macau, Limited, a Non-Executive Director of Pacific Century Premium Developments Limited, and an Independent Non-Executive Director of Global Brands Group Holding Limited, Television Broadcasts Limited and Fosun Tourism Group, 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 46, an Independent Non-Executive Director since April 2005, is Co-Chief Executive of The Bank of East Asia, Limited. He is also an Independent Non-Executive Director of Tsim Sha Tsui Properties Limited. Mr. Li is a member of the Anhui Provincial Committee of the Chinese People's Political Consultative Conference and a Counsellor of the Hong Kong United Youth Association. He is Chairman of The Chinese Banks' Association, Vice President of The Hong Kong Institute of Bankers' Council and a member of the MPF Industry Schemes Committee of the MPFA. He is a board member of The Community Chest of Hong Kong and serves on its Executive Committee, a member of the Advisory Board of The Salvation Army, Hong Kong and Macau Command, and a Trustee of The University of Hong Kong's occupational retirement schemes. 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 13th National People's Congress. He also sits on the Judging Panel of the BAI Global Innovation Awards. He was previously a member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference, 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 was previously an Independent Non-Executive Director of Sino Hotels (Holdings) Limited, which is listed on the Hong Kong Stock Exchange, and served as a member of the International Advisory Board of Abertis Infraestructuras, S.A., a company listed in Spain. 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.

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

Mr. Steven Ong Kay Eng^{A R+}, aged 73, an Independent Non-Executive Director since October 2011. He is also an Independent Non-Executive Director of Tsim Sha Tsui Properties Limited and Sino Hotels (Holdings) Limited since July 2005. 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.

Mr. Wong Cho Bau, JP, aged 60, an Independent Non-Executive Director since January 2015. He is also an Independent Non-Executive Director of Sino Hotels (Holdings) Limited. He is an Honorary Fellow of City University of Hong Kong and currently serves as Chairman of East Pacific (Holdings) Ltd., Shenzhen East Pacific Group Ltd., Donghai Airlines Co., Ltd., Donghai Jet Co., Ltd.. Mr. Wong has more than 30 years of business experience and is one of the pioneers on the establishment of Shenzhen Special Economic Zone. His business interests have expanded from property development to industrial, hotel, aviation, tourism. Mr. Wong is a National Committee Member of the 10th to 13th Chinese People's Political Consultative Conference, an Executive Councilor of the 4th Council of China Overseas Friendship Association and a Committee Adviser of Hong Kong Association for The Promotion of Peaceful Reunification of China. He was formerly a Councilor of the 1st and the 2nd Council and an Executive Councilor of the 3rd Council of China Overseas Friendship Association. He is also a Chief Director of Hong Kong Federation of Hong Kong Chiu Chow Community Organization.

**(IV) SENIOR
MANAGEMENT**

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

CORPORATE GOVERNANCE REPORT

The Board of Directors (“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”), save as disclosed in this report. The corporate governance practices of the Company in compliance with the Code during the financial year ended 30th June, 2019 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 eleven Directors comprising six Executive Directors including the Chairman and the Deputy Chairman of the Board, one Non-Executive Director and four 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)*

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 business of the Company and its subsidiaries ("Group"), preparation of financial statements and operating budgets, and compliance with applicable laws and regulations.

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. During the period under review, the Chairman held a meeting in December 2018 with the Non-Executive Directors (including Independent Non-Executive Directors) without the Executive Directors present and a meeting between the Chairman and the Independent Non-Executive Directors only will be held in the next financial period in compliance with the applicable code provision of the Code.

CORPORATE GOVERNANCE PRACTICES *(Continued)*

DIRECTORS *(Continued)*

Division of Responsibilities *(Continued)*

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 four 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.

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/she held in public companies or organizations and other significant commitments as well as the identity of such public companies or organizations.

CORPORATE GOVERNANCE REPORT *(Continued)*CORPORATE GOVERNANCE PRACTICES *(Continued)*DIRECTORS *(Continued)***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, 2019, 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>	3/4
Mr. Daryl Ng Win Kong <i>(Deputy Chairman)</i>	4/4
Mr. Ringo Chan Wing Kwong	4/4
Ms. Alice Ip Mo Lin <i>(retired on 11th February, 2019)</i>	2/2
Mr. Gordon Lee Ching Keung	4/4
Mr. Sunny Yeung Kwong	4/4
Ms. Velencia Lee <i>(appointed on 1st July, 2019)</i>	n/a
<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
Mr. Wong Cho Bau	4/4

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.

CORPORATE GOVERNANCE PRACTICES *(Continued)*

DIRECTORS *(Continued)*

Board Meetings and

Supply of and

Access to Information *(Continued)*

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.

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 its recommendation to shareholders to vote in favour of the re-election of such Independent Non-Executive Director.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

DIRECTORS *(Continued)*

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

The Directors who are subject to retirement and re-election at the 2019 annual general meeting are set out on page 90 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.

During the year, the Nomination Committee took into account the selection criteria for directors as set out in the nomination policy for directorship of the Company and the board diversity policy recommended and the Board approved the appointment of Ms. Velencia Lee as an Executive Director of the Board with effect from 1st July, 2019, who is subject to retirement and re-election at the 2019 annual general meeting.

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.

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.

CORPORATE GOVERNANCE REPORT *(Continued)*CORPORATE GOVERNANCE PRACTICES *(Continued)*DIRECTORS *(Continued)***Directors' Training and Professional Development**
(Continued)

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 <i>(Note)</i>
<i>Executive Directors</i>	
Mr. Robert Ng Chee Siong	a, b
Mr. Daryl Ng Win Kong	a, b
Mr. Ringo Chan Wing Kwong	a, b, c
Mr. Gordon Lee Ching Keung	a, b
Mr. Sunny Yeung Kwong	a, b
Ms. Velencia Lee <i>(appointed on 1st July, 2019)</i>	n/a
<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, c, d
Mr. Adrian David Li Man-kiu	a, b, c, d
Mr. Steven Ong Kay Eng	a, b
Mr. Wong Cho Bau	a, b
<i>Note:</i>	
a.	<i>corporate governance</i>
b.	<i>regulatory</i>
c.	<i>finance</i>
d.	<i>managerial</i>

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.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

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 Policy

The Company has adopted the Nomination Policy for Directorship ("Nomination Policy") with effect from 1st January, 2019 which supplements the terms of reference of the Nomination Committee and sets out the processes and criteria for the nomination of a candidate for directorship in the Company. The Company adopts the Nomination Policy to ensure that all nominations of Board members are fair and transparent in order to facilitate the constitution of the Board with a balance of skills, experience and diversity of perspectives that is appropriate to the requirements of the Company's business.

The Nomination Policy contains a number of factors in assessing the suitability of a proposed candidate which include the reputation for integrity, accomplishment and professional knowledge and industry experience which may be relevant to the Company, commitment in respect of available time, merit and potential contributions to the Board with reference to the Company's Board Diversity Policy, and the independence criteria under Rule 3.13 of the Listing Rules if the candidate is proposed to be appointed as an independent non-executive director. The policy also lays down the nomination procedures on appointment or re-appointment of directors. The Nomination Committee will conduct the relevant selection process (coupled with the relevant selection criteria) against the nominated candidate for new directorship or director offer for re-election and make recommendations to the Board for consideration. The Board will then make a decision as to whether the nominated candidate or the director offer for re-election shall be eligible to be appointed as a director or eligible to be re-appointed as a director of the Company respectively.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

NOMINATION OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Board Diversity Policy

With a view to achieving a sustainable and balanced development, the Company has been considering diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Board Diversity Policy allows the Company to consider board diversity from a number of factors when deciding on new and re-appointments to the Board in order to achieve a diversity of perspectives among Board members. These factors include but not limited to gender, age, ethnicity, cultural and educational background, professional or industry experience, skills, knowledge and other qualities of Directors. The Nomination Committee shall consider candidates on merits as well as against these measurable objectives with due regard for the benefits of the appropriate diversity of perspectives within the Board and also the candidates' potential contributions thereto.

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.

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/her 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.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

NOMINATION OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Nomination Committee *(Continued)*

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.

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

- recommended the appointment of Ms. Velencia Lee as an Executive Director of the Board with effect from 1st July, 2019, with reference to the selection criteria for directors as set out in the Nomination Policy and the Board Diversity Policy;
- reviewed the structure, size and composition of the Board and recommended the re-appointment of four retiring Directors;
- 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*

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

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, 2019 is set out in the section entitled "Independent Auditor's Report" of this Annual Report.

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 78 to 87.

CORPORATE GOVERNANCE PRACTICES *(Continued)*

ACCOUNTABILITY AND AUDIT *(Continued)*

Risk Management and Internal Control *(Continued)*

The Company's internal control system is built on a sound control environment with a strong commitment to ethical values. "Staff integrity" is among one of our core values. A Code of Conduct, including prevention of bribery and avoidance of conflict of interest has been established. The core values and Code of Conduct are communicated to all new staff during orientation. This information is also included in the Staff Handbook and available on our intranet. The importance of integrity is reiterated regularly by messages from senior management and through training and seminar. The Business Ethics Committee has been established as a whistle-blowing channel for staff and other relevant parties to report misconduct cases. Every reported case will be handled in confidence and followed through in accordance with the policy and procedures for notification of unethical conduct.

The internal control system also 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 reviewed regularly to ensure continued relevance and effectiveness, and for continuous improvement.

The Company's internal control system is fully integrated with the risk management framework. The ERM is a process through which risks together with the relevant controls are being identified, 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 independent review and test 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 regarding 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 as stipulated in the Internal Audit Charter.

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 audits and reviews on their operations, and conducts recurring and impromptu site investigations on selected risk areas to ensure the effectiveness of the controls implemented by the relevant business units. The audit findings regarding control weaknesses are communicated to the business units concerned. Significant 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 audit findings 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, the heads of individual business units conduct annual 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. Through the use of control self-assessment questionnaires, they systemically review and assess the effectiveness of all the internal controls over their business operations that are in place to mitigate the risks, identify potential new risks affecting their businesses and operations, design and execute control enhancement plans to address such new risks. The 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 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, 2019, the Internal Audit Department has 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 effectiveness of such systems. 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, 2019, the Audit Committee, with the assistance of the Risk and Control 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 updated 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, 2019, 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 results of the Group-wide internal control self-assessment performed by individual business units; and
- the independent verification and assurance provided through audit and review performed by the external auditor and the Internal Audit Department.

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. Although there were no significant control failings or weaknesses or areas of major concern identified during the year, the risk management and internal control systems will be reviewed regularly 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, inter alia, the following matters:

- the Company's 2018 annual report and audited financial statements and the 2018/2019 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;
- 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 2019/2020;
- usage of annual caps on certain continuing connected transactions of the Company;
- renewal of annual caps on certain continuing connected transactions of the Company for the three years ending 30th June, 2022; and
- re-appointment of the Company's auditor before submitting to the Board.

All the meetings were attended by the external auditor of the Company. The attendance records of the committee members to these committee meetings are set out below:

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

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

ACCOUNTABILITY AND AUDIT *(Continued)*

Codes for Dealing in the Company's Securities

The Company has adopted its own code for dealing in the Company's securities by Directors ("Directors Dealing Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules ("Model Code"). The Company has made specific enquiries of all Directors who held such offices during the year under review. All of them confirmed their compliance with the required standard set out in the Directors Dealing Code during the year ended 30th June, 2019. 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, 2019 amounted to HK\$5,056,938 and HK\$680,000 respectively. The non-audit services mainly consist of review and consultancy services.

CORPORATE GOVERNANCE FUNCTIONS

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

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

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

CORPORATE GOVERNANCE FUNCTIONS *(Continued)*

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

- reviewed the usage of annual caps on certain continuing connected transactions of the Company;
- reviewed the renewal of annual caps on certain continuing connected transactions of the Company for the three years ending 30th June, 2022;
- reviewed the compliance with the Code through the Compliance Committee;
- reviewed the effectiveness of the risk management and internal control systems of the Group through the Risk and Control Committee and the Audit Committee; and
- approved the adoption of the Board Diversity Policy, Nomination Policy, Dividend Policy, and the revised Corporate Governance Code of the Company.

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 Deputy Chairman of the Board Mr. Daryl Ng Win Kong (Committee Chairman), the other Executive Directors of the Company, the Chief Financial Officer and Head of Legal and Company Secretarial Departments, the Head of Internal Audit Department, other department heads and the Compliance Officer. The Committee holds regular meetings on a bi-monthly basis to review management reports on ongoing compliance regarding continuing connected transactions and usage of annual caps, provide a forum for regulatory updates for the management, consider corporate governance issues and make recommendations to the Board and the Audit Committee on the Company's corporate governance issues and Listing Rules compliance matters.

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 2018 annual general meeting ("2018 AGM") which was held on 25th October, 2018 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 2018 AGM. The attendance records of the then Directors to the 2018 AGM are set out below:

Meeting(s) Attended/Held

Executive Directors

Mr. Robert Ng Chee Siong	1/1
Mr. Daryl Ng Win Kong	1/1
Mr. Ringo Chan Wing Kwong	1/1
Ms. Alice Ip Mo Lin	1/1
<i>(retired on 11th February, 2019)</i>	
Mr. Gordon Lee Ching Keung	1/1
Mr. Sunny Yeung Kwong	1/1

Non-Executive Director

The Honourable Ronald Joseph Arculli	1/1
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Independent Non-Executive Directors

Dr. Allan Zeman	1/1
Mr. Adrian David Li Man-kiu	1/1
Mr. Steven Ong Kay Eng	1/1
Mr. Wong Cho Bau	0/1

The Company's notice to shareholders for the 2018 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 2018 AGM were contained in the circular of the Company to its shareholders, which was dispatched together with the 2018 annual report, and were further explained at the 2018 AGM prior to the polls being taken. Simultaneous translation from English to Cantonese was available at the 2018 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 2018 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 25th October, 2018 are set out below:

Resolutions proposed at the 2018 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, 2018	99.99%
2	Declaration of a final dividend of HK\$0.40 per ordinary share with an option for scrip dividend	99.99%
3(i)	Re-election of The Honourable Ronald Joseph Arculli as Director	84.11%
3(ii)	Re-election of Dr. Allan Zeman as Director	94.70%
3(iii)	Re-election of Mr. Steven Ong Kay Eng as Director	99.62%
3(iv)	Re-election of Mr. Wong Cho Bau as Director	99.88%
3(v)	Authorization of the Board to fix the Directors' remuneration for the financial year ending 30th June, 2019	99.91%
4	Re-appointment of Deloitte Touche Tohmatsu as Auditor for the ensuing year and to authorize the Board to fix their remuneration	99.90%
5(i)	Share buy-back mandate up to 10% of the Company's issued shares	99.99%
5(ii)	Share issue mandate up to 20% of the Company's issued shares	80.70%
5(iii)	Extension of share issue mandate to the shares bought back under the share buy-back mandate	81.39%

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

COMMUNICATION WITH SHAREHOLDERS *(Continued)*

Communication Strategies *(Continued)*

Shareholders' Meetings (Continued)

All resolutions put to shareholders at the 2018 AGM were passed. The Company's Share Registrars were appointed as scrutineers to monitor and count the poll votes cast at that meeting. The results of the voting by poll were published on the respective websites of the Company and the Stock Exchange.

The latest version of the 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)*

Dividend Policy

The Board has formalized and adopted a Dividend Policy with effect from 1st January, 2019 to set out the framework that the Company has put in place in relation to dividend payout to shareholders. The Company's Dividend Policy is consistent with its business profile and maintenance of a strong credit profile while providing steady dividend payout to shareholders. The Company aims to provide relatively consistent, and where appropriate increases, in ordinary dividends linked to the underlying earnings performance of the Company's business for the reporting period. The Company will declare and pay dividends in Hong Kong dollars.

The Company may also offer to its shareholders an option to receive dividends in the form of new shares in the Company credited as fully paid in lieu of cash dividends. The scrip dividend option will enable the shareholders to increase their investment in the Company without incurring brokerage fees, stamp duty and related dealing costs. The Company may, at the Board's discretion, declare and pay dividends in any other forms as prescribed by its Articles of Association, as the Board deems appropriate.

The Board will review the Dividend Policy from time to time and may adopt changes as appropriate at the relevant time to ensure the effectiveness of this Policy.

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.

CORPORATE GOVERNANCE REPORT *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

COMMUNICATION WITH SHAREHOLDERS *(Continued)*

Shareholders' Rights *(Continued)*

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Sino Land Company Limited (“Company”) is pleased to present this Environmental, Social and Governance (“ESG”) Report (“ESG Report”), which summarizes the ESG policies, initiatives and performance of the Company and its subsidiaries (collectively, “Group”) as well as demonstrates its commitment to achieving environmental and social sustainability for the year ended 30th June, 2019.

REPORTING FRAMEWORK AND SCOPE

This ESG Report is prepared in accordance with the ‘Environmental, Social and Governance Reporting Guide’ under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It covers the management approach for the material sustainability aspects of the Group’s core businesses and operations, which span property development, hotel investment and management, and property services including property management, security services, car park operations and environmental services, as well as shopping malls management, over which the Group has direct management control.

This ESG Report focuses on the environmental and social sustainability performance and initiatives of the head office, 51 properties managed by the Group and 3 construction sites in Hong Kong, as well as the Fullerton Hotel Singapore and the Fullerton Bay Hotel Singapore (collectively, “Fullerton”). Information relating to the Group’s corporate governance practices can be found in the Corporate Governance Report on pages 28 to 53.

APPROACH, STRATEGY TO ESG AND REPORTING

The Group upholds a high level of commitment to sustainability and governance. The ESG approach of the Group is to incorporate sustainability in its operations with a view to creating long-term value for customers, employees, business partners, shareholders, investors and the community as a whole. The key ESG objective of the Group is to build a greener and sustainable community through actively participating in and curating a wide range of green initiatives, community programmes, arts and cultural events, as well as heritage conservation and revitalization.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

STAKEHOLDER ENGAGEMENT

To better understand stakeholders' concerns and expectations, the Group has adopted a multi-pronged approach to engage its key stakeholders, including customers, tenants, staff, shareholders, investors, non-governmental organizations ("NGOs"), partners (suppliers and contractors, academia and the government), local communities and mass media, on a regular basis through various channels.

Stakeholders	Channels to engage
Customers	<ul style="list-style-type: none"> • Handover Service Survey (Property Buyers) • Customer Satisfaction Survey • Home Visits by Property Management Team • Customer Service Hotline • Regular Gatherings • Social Media • Daily Personal Contact • Communications like direct mailings and corporate magazine (LifeScape)
Tenants	<ul style="list-style-type: none"> • Customer Satisfaction Survey • Meetings • Site Visits • Communications like direct mailings and corporate magazine (LifeScape)
Staff	<ul style="list-style-type: none"> • Town Hall Meetings and Monthly Mini-Town Hall Meetings • Staff Magazine (InSino) • New Hire Orientation • SinoNet (Intranet) • Staff Suggestion Award Scheme • Quality Improvement Champion Scheme • Sinovation Programme
Shareholders	<ul style="list-style-type: none"> • Annual General Meetings • Annual and Interim Reports • Press Releases, Announcements and Circulars

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

STAKEHOLDER ENGAGEMENT *(Continued)*

Stakeholders	Channels to engage
Investors	<ul style="list-style-type: none"> • Investor Conferences • Site Visits • Analyst Briefings
NGOs	<ul style="list-style-type: none"> • Regular Meetings with Green and Community Partners • Joint Activities
Partners (suppliers and contractors, academia and the government)	<ul style="list-style-type: none"> • Tendering Process • Meetings and Conferences • Exhibitions • Site Visits
Local Communities	<ul style="list-style-type: none"> • Volunteering Opportunities • Charitable Events • Art Exhibitions and Functions
Mass Media	<ul style="list-style-type: none"> • Press Conference and Luncheons • Press Releases

SUSTAINABILITY GOVERNANCE

The sustainability management framework of the Group aims to create accountability for sustainability at all levels. The Group set up a Sustainability Committee in 2010 to drive the planning and implementation of the Group's strategies for building a more sustainable business. The committee members include Mr. Daryl Ng Win Kong, the Deputy Chairman, together with other committee members drawn from key executives of various business units across the Group. The committee provides overall strategic direction in sustainability across the Group and facilitates the implementation of the policies and programmes related to corporate sustainability. It formulates environmental policy of the Group, which outlines the Group's long-term corporate plan to guide the environmental management systems and standards for different business units.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SUSTAINABILITY GOVERNANCE *(Continued)*

At the monitoring and execution level, a Green Audit Committee, comprising designated representatives from various business units across the Group, has been set up to conduct regular checks on environmental practices at buildings under the Group's management and provide suggestions for further improvement. A dedicated team, namely the Employee Safety and Health Committee, comprising senior executives from all key business units, has been established to administer the health and safety management system of the Group and to ensure that the principles are adopted in day-to-day operations. The committee also reviews injury cases for loss control and prevention. In recognition of the genuine need to tackle the environmental impact brought about by plastic waste, a Steering Committee has been set up to formulate strategies and action plans on single-use plastic reduction across the business units.

An information and data collection template is adopted and used for collection of ESG information and data from relevant departments and business units of the Group. The ESG Report is prepared based on the information and data so collected, and the key performance indicators ("KPIs") relating to the Group's business operations are highlighted in the paragraphs below.

ENVIRONMENTAL

Building a Sustainable Environment

The Group endeavours to make its properties more environmental friendly through careful architectural planning, energy-saving and green management initiatives. It addresses potential environmental impacts of its business from carbon management to waste minimization. With proactive involvement in various green programmes, the Group also aims to further promote green living to stakeholders and the general public.

Under its environmental policy, the Group undertakes to:

- actively promote a culture of environmental sustainability among residents, tenants, customers, employees and contractors and encourage their involvement in 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.

ENVIRONMENTAL *(Continued)*

Building a Sustainable Environment *(Continued)*

By adhering to the environmental policy, the Group has implemented concrete measures and initiatives in energy conservation, waste reduction, pollution prevention, etc. and has conducted periodic monitoring and reviews of the relevant KPIs to protect the environment where it operates. Sound environmental management in 33 flagship properties managed by the Group is governed by the internationally recognized ISO 14001 Environmental Management System.

In December 2018, the Company unveiled its Green Finance Framework, covering the Company, its affiliates and subsidiaries, to guide the financing of sustainable building developments and enhancements that will deliver environmental benefits in line with its sustainability vision. Proceeds under the Green Finance Framework will be channelled to new or existing development projects to improve energy efficiency and other identified areas, such as waste management, clean transport, improving water efficiency and climate change resilience.

Under the Green Finance Framework, the Company raised its first green loan in the amount of HK\$2,000 million, Sino Land Green Loan 2018, which had received Pre-Issuance Stage Green Finance Certification issued by the Hong Kong Quality Assurance Agency. Proceeds from Sino Land Green Loan 2018 have been fully allocated to a redevelopment project at Argyle Street, Kowloon, Hong Kong ("Green Building Project") to implement green elements in the construction and development of the project.

The Green Building Project is targeted to obtain building sustainability rating, such as "Silver" or above in accordance with BEAM PLUS (i.e. the Building Environmental Assessment Method (BEAM) Plus); or "Silver" or above in accordance with LEED (i.e. the Leadership in Energy and Environmental Design); or WELL Building Standard certification.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

Building a Sustainable Environment *(Continued)*

In a further effort to promote sustainability, the Group developed a structured tree recycling/upcycling scheme covering 8 construction sites and 16 properties under its management. The Group partners with arborists and community partners to recycle and upcycle felled trees to make better use of precious nature resources. Selected felled trees with no pest and disease would be sorted and processed into mulch, compost, or upcycled to make furniture, planters and art pieces. 15 children from less privileged families were hosted to OC STEM Lab to learn to create their own coasters by engraving their drawings on sliced wood with laser-cutting machine. Workshops at clubhouses and Sino Children Christmas Party were organized to educate the next generation about upcycling, where they learnt to make festive decorations and coasters with recycled wood.

11 properties managed by the Group have been recognized at the Hong Kong Awards for Environmental Excellence 2018. Exchange Tower won the Gold Award in the sector of Property Management (Commercial & Industrial) and Young Green Pioneer Award.

Emissions

Control and Minimization

The Group strives to minimize greenhouse gas ("GHG") emissions, hazardous and non-hazardous waste generation and effluent discharge from its properties by formulating the 'Environmental Aspect Register', which identifies environmental aspects and impacts of the business activities of the Group. For the year ended 30th June, 2019, key emissions tracked include carbon dioxide ("CO₂"), hazardous and non-hazardous solid waste and effluent.

The Group has set a carbon reduction target of reducing carbon emissions across the common areas of buildings which are under the Group's management by 16% before 2020 from 2012 level. For the year ended 30th June, 2019, the accumulated reduction of carbon emissions against the 2012 level was 17.45% (2018: 13.11%).

With a view to enhancing transparency and promoting public awareness on climate change issues, the Company took part in the Carbon Footprint Repository for Listed Companies in Hong Kong developed by the Environmental Protection Department, which is a carbon disclosure initiative to make available information on GHG 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

ENVIRONMENTAL (Continued)

Emissions (Continued)

GHG Emissions Data

GHG emissions from the Group's operation

	Unit	For the year ended 30th June, 2019	For the year ended 30th June, 2018
Direct GHG Emissions (Scope 1) ¹	<i>tonnes CO₂ equivalent</i>	605.9²	514.4 ³
Indirect GHG Emissions (Scope 2)	<i>tonnes CO₂ equivalent</i>	98,381.2⁴	72,284.7 ⁵
Other Indirect GHG Emissions (Scope 3) ⁶	<i>tonnes CO₂ equivalent</i>	384.3⁴	328.9 ⁵
Total GHG Emissions	<i>tonnes CO₂ equivalent</i>	99,371.4	73,128.0
GHG Emissions Intensity			
Head Office	<i>tonnes CO₂ equivalent/ employee</i>	0.74	0.67
Property Management	<i>tonnes CO₂ equivalent/m²</i>	0.087	0.06
Construction Sites	<i>tonnes CO₂ equivalent/m²</i>	0.001	0.03
Fullerton	<i>tonnes CO₂ equivalent/ visitor night</i>	0.043	0.05

Notes:

1. Included HFCs in the refrigerant consumed.
2. Included 51 buildings managed by the Group and 3 construction sites.
3. Included 47 buildings managed by the Group and 3 construction sites.
4. Included head office, 51 buildings managed by the Group, 3 construction sites and Fullerton.
5. Included head office, 47 buildings managed by the Group, 3 construction sites and Fullerton.
6. Included air travel. CO₂ emissions from air travel are calculated by ICAO Carbon Emissions Calculator.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

Emissions *(Continued)*

Plastic Waste Minimization

The Group strives to reduce the use of single-use plastic where possible. Further to the announcement of the group-wide Plastic Awareness Campaign in April 2018 and the pledge to reduce consumption of single-use plastic across all business lines by 50% by 2022 from 2017 level, the Group has extended the campaign to its residential properties, commercial buildings and malls. Water dispensers have been provided at 65 clubhouses, in addition to the introduction of 100 umbrella dryers at 67 locations and 18 reverse vending machines at 18 locations. More than 52,000 plastic bottles have been collected since November 2018, translating into a carbon emission reduction of 12,504 kg, equivalent to 543 trees. In addition, Fullerton has banned plastic straws and stirring rods at all F & B outlets, and would serve eco-friendly alternatives upon request since June 2018.

Food Waste Recycling

The Group is committed to recycling food waste to reduce the burden on landfills and has made continuous efforts to implement food waste recycling programmes at various properties, such as the Green Tenant Engagement Programme, which aims to encourage tenants' participation in waste recycling. The food waste decomposer at tmtplaza can turn a maximum of 7,000 kg of leftovers into waste water every month. Two food waste decomposers with capacity of 100 kg per day each were installed at Citywalk.

During the year ended 30th June, 2019, over 153 tonnes of food waste were collected for recycling by the Group (2018: over 183 tonnes).

ENVIRONMENTAL (Continued)

Emissions (Continued)

Waste Disposal Data

Waste Disposal from the Group's operation

	Unit	For the year ended 30th June, 2019	For the year ended 30th June, 2018
Non-hazardous Waste Disposal ¹	tonnes	4,400.3²	5,067.5 ²
Non-hazardous Waste Intensity			
Head Office	tonnes/ employee	0.03	0.02
Construction Sites	tonnes/m ²	0.0022	0.15
Fullerton	tonnes/ visitor night	0.01	0.01
Hazardous Waste Disposal ^{3 & 4}	kg	1,335.16⁵	952 ⁶
Hazardous Waste Intensity			
Head Office	kg/employee	0.47	0.03
Property Management	kg/m ²	0.001	0.001

Notes:

1. No separate figure for non-hazardous waste for property management as the waste was mainly generated by tenants and residents.
2. Included head office, 3 construction sites and Fullerton.
3. Hazardous waste data for construction sites and Fullerton is unavailable. The Group will explore the collection of such data in future.
4. Included disposed refrigerant and fluorescent lamp. Hazardous waste generated by the Group was collected by qualified contractors for recovery and/or disposal in a safe manner.
5. Included head office and 51 buildings managed by the Group.
6. Included head office and 47 buildings managed by the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*ENVIRONMENTAL *(Continued)*Emissions *(Continued)**Recycled Materials Data*

Recycled Materials from the Group's operation

	<i>Unit</i>	For the year ended 30th June, 2019	For the year ended 30th June, 2018
Plastic	<i>tonnes</i>	24.6	9.7
Paper	<i>tonnes</i>	2,848.6	2,531.9
Grease Trap Waste	<i>tonnes</i>	10,510.0	6,473.5
Used Cooking Oil	<i>tonnes</i>	9	22.6
Aluminium Cans	<i>tonnes</i>	0.79	1.39
Metals	<i>tonnes</i>	1,773.4	71.5

Use of Resources

*Resources Utilization and
Management*

The Group understands that better resources management is imperative to sustainability and consistently devotes efforts to energy and resources management. Particular attention has been paid to enhancing energy efficiency of the Group's assets, fresh water management and conservation of office supplies.

Since 2012, the Group has been supporting the Energy Saving Charter ("Charter") initiated by the Environment Bureau and the Electrical and Mechanical Services Department. 126 shopping malls, office towers, industrial and residential buildings have signed up to the Charter and pledged to maintain an average indoor temperature between 24°C and 26°C during summer time. The Group is a 4Ts Charter (target, timeline, transparency and together) partner of the Environment Bureau, where the Group sets an internal target of reduction in energy intensity with implementation timelines.

The Group's innovative attempts for improving the energy efficiency of its operations since 2018 are highlighted below:

- replacing air-cooled chiller and cooling towers with models of higher energy efficiency;
- installing band screen to improve sea water quality for heat exchange; and
- increasing the frequency of cleaning condenser tubes to improve heat rejection efficiency in sea water cooled chiller.

ENVIRONMENTAL *(Continued)*

Use of Resources *(Continued)*

Resources Utilization and Management (Continued)

The Group has adopted the Power Quality Monitoring System, which enables real-time monitoring of power quality of all building services in the Group's buildings, hence aiding the planning and implementation of energy-saving initiatives through turning raw measurement data into insightful power quality performance information.

Since 2017, the Group has replaced alternating current ("AC") motors by electronically commutated ("EC") motors for Fan Coil Unit Systems in the Group's pilot buildings, namely, Tsim Sha Tsui Centre and Exchange Tower. The replacement of EC motors can save around 30% of energy consumption as compared to AC motors. In view of the higher efficiency, quieter operation and outstanding reliability of EC motors, the Group is phasing in EC motors to retrofit mechanical ventilation and air-conditioning system such as replacement of Fan Coil Units or Air Handling Units in the Group's buildings.

During the reporting year, 56 properties managed by the Group participated in the Peak Demand Management Programme organized by CLP Power Hong Kong Limited, through initiating energy-saving activities at the designated peak power demand period.

Green Office Management Guidelines

The Company has formulated the 'Green Office Management Guidelines' to provide principles and useful tips for workplace eco-friendly practices in energy, water and office material consumption. Departmental Green Officers have been appointed to promote green behaviour and initiatives among employees, and carry out Green Office Audit twice a year to assess compliance with the 'Green Office Management Guidelines'.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

ENVIRONMENTAL (Continued)

Use of Resources (Continued)

Energy and Water Consumption Data Energy and Water Consumption from the Group's operation

			For the year ended 30th June, 2019	For the year ended 30th June, 2018
		Unit		
Electricity Consumption		kWh	135,744,974 ¹	139,224,249 ²
Electricity Intensity				
Head Office		kWh/employee	1,228.2	1,152.2
Property Management		kWh/m ²	113.1	111.2
Construction Sites		kWh/m ²	0.6	26.5
Fullerton		kWh/visitor night	82.2	120.7
Water Consumption ³		m ³	824,018 ¹	759,658 ²
Water Intensity				
Head Office		m ³ /employee	0.01	0.03
Property Management		m ³ /m ²	0.48	0.42
Construction Sites		m ³ /m ²	0.02	1.43
Fullerton		m ³ /visitor night	1.32	1.38
Fuel Consumption				
Ultra-low sulphur diesel	Property Management	Consumption	L	2,290 ⁴
	Construction Sites ⁶	Intensity	L/m ²	0.002
	Fullerton	Consumption	L	197,469
		Intensity	L/m ²	0.3
Gas	Fullerton	Consumption	m ³	2,511,487
		Intensity	m ³ /visitor night	10.3

Notes:

1. Included head office, 51 buildings managed by the Group, 3 construction sites and Fullerton.
2. Included head office, 47 buildings managed by the Group, 3 construction sites and Fullerton.
3. All potable water and flushing water used by the Group were provided by the municipal waterworks with appropriate licences/permits. There were no issues related to sourcing water that was fit for purpose.
4. Included 51 buildings managed by the Group.
5. Included 47 buildings managed by the Group.
6. Included 3 construction sites.

ENVIRONMENTAL *(Continued)*

Use of Resources *(Continued)*

Use of Packaging Materials

Use of packaging materials is not considered to be a material ESG aspect in the Group's property development, investment and management business. Regarding its hotel business at Fullerton, the Group established guidelines on packaging design to reduce excessive packaging and replace with eco-friendly materials. According to the guidelines, suppliers are obligated to adopt the following principles for packaging design:

- (i) Design of the Packaging
 - simple packaging – excessive packaging should be avoided and should facilitate recycling;
 - reusable – the design and packaging materials should encourage reuse to extend shelf life; and
 - gift-packaging integration – the packaging should be incorporated as a part of the gift so as to minimize waste generation.
- (ii) Choice of Packaging Materials
 - minimize different types of packaging materials used and those with low recyclable values; and
 - use eco-friendly or recyclable packaging materials.

For the year ended 30th June, 2019, approximately 1.17 tonnes of material were used by Fullerton for festive packaging (2018: approximately 14.2 tonnes).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

The Environment and Natural Resources

As a co-creator of the urban landscape, the Group is committed to bringing a cleaner environment to stakeholders and community at large and managing significant impacts on the environment and natural resources by adopting green building features in the Group's properties in addition to engaging internal and external stakeholders on environmental conservation issues.

The Group makes substantial efforts to make its properties more environmental friendly and strives to enhance energy efficiency. To support the drive for renewable energy, photovoltaic panels have been installed at the Group's properties. Over 1,800 photovoltaic panels were installed throughout properties under the Group's management in Hong Kong, generating total rated power of more than 590 kW.

In June 2019, the Group celebrated the 10th anniversary of Mission Green Thumb, a seedling adoption scheme and the second programme in collaboration with Hong Chi Association under the Mission Green series. Mission Green series started with Mission Green Top in 2008, a multifaceted programme combining urban farming, environmental protection, supporting the underprivileged and engaging the broader community.

Mission Green Thumb combines gardening, social inclusion and community engagement. Tenants can adopt and name the seedlings tended by Hong Chi Association trainees, bringing them closer to the less privileged. All sales proceeds are pledged to Hong Chi Association to support gardening training with the objective of enabling the trainees to take up gainful employment opportunities in the open market. 12 trainees have participated in the programme and half of them have found jobs in the open market, demonstrating the significance of this meaningful initiative. In honour of the milestone, the Group's colleagues made some 250 kokedamas for adoption and charity sales at 20 residential and commercial developments as well as malls.

The Company is not aware of any material non-compliance with relevant laws and regulations relating to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group for the year ended 30th June, 2019.

SOCIAL

Employment and Labour Practices

The Company places significant emphasis on human capital and is committed to providing a fair workplace through promoting non-discrimination and diversity to staff, together with competitive remunerations and benefits based on skills, knowledge, responsibilities and involvement in the Company's affairs, as well as opportunities for career development based on merits and performances.

As a responsible employer, the Company is committed to providing equal employment opportunities and managing human assets 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 has 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, 2019.

The Company strives to ensure that comments of employees are escalated and heard through transparent communication channels, such as town hall meetings, Staff Suggestion Award Scheme, Quality Improvement Champion Scheme, Sinovation Programme, monthly mini-town hall meetings and staff magazines.

To attract and retain talents, the Company aims at offering competitive remuneration which is reviewed annually to reflect employees' performance and contribution as well as market trends. The Company cares about the wellness of employees, and strives to provide a decent working condition and competitive benefits. These include paid annual leave, medical coverage, paternity leave, free holiday flats and discount privileges on the hospitality, parking and leasing services offered by the Group. A five-day week policy has been adopted since July 2017 while the maternity leave has been increased from 12 weeks to 14 weeks since October 2018. To further enhance the family-friendly employment policy, the maternity benefits have been extended to include a 10-day parental leave.

The Staff Social & Recreation Committee of the Group organizes a wide array of activities, including one-day excursions to Hong Kong Geopark, organic farms, and other natural spots in Hong Kong, stretching yoga classes, hiking at reservoirs, etc. on a regular basis with a view to achieving work-life balance of employees. Each year, the Group hosts an annual dinner, at which employees can interact socially and foster the sense of belonging.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Employment and Labour Practices *(Continued)*

A comprehensive framework together with detailed human resources management policies are included in the Staff Handbook. The handbook provides useful information and guidelines to staff in the areas of working conditions, benefits and remuneration, training and development, as well as health and safety, and undergoes regular review in light of new legal and regulatory requirements, and the best employment practices. The Company strictly enforces the employment policies to offer a fair and supportive workplace.

In recognition of the Group's achievement in caring for employees' well-being, the Group was presented the Employer of Choice Award 2018 for the fourth consecutive year and also the Work-Life Balance Award by JobMarket for the year ended 30th June, 2019.

For the year ended 30th June, 2019, the Company is not aware of any material non-compliance with laws and regulations relating to employment and labour practices that have a significant impact on the Group.

Health and Safety

The Company recognizes the importance of a safe and healthy work environment as the cornerstone of a successful organization since people are the most important asset. Through 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. The Company pins down the practicable principles and reasonable practices at work and covenants in the 'Occupational Safety and Health ("OSH") Policy Statement' the following principles:

- to provide and maintain the training, machineries and facilities, material applications, environments, methods and systems at work up to the highest safety and health standards, preventing occupational injuries and diseases;
- to assign competent and skilled staff and contractors to handle works with critical hazards or impacts related to OSH;
- to promote the safety culture through various communication channels, such as safety campaigns, discussion and sharing sessions; and
- to require contractors or sub-contractors of the Group's projects to assist in the implementation of policies, procedures and practices related to OSH at work.

SOCIAL *(Continued)*

Health and Safety *(Continued)*

The Company has implemented a holistic mechanism certified under the Occupational Health and Safety Management System (OHSAS 18001) 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 OSH management aspects including safety assessment and contractors monitoring for staff's reference. For the year ended 30th June, 2019, 13 buildings managed by the Group were certified with OHSAS 18001.

To provide a safe working environment for employees in the office, risk assessments of workstations, equipment and tools are performed on a regular basis. Upgrades and maintenance of office equipment and tools are conducted to keep up with technological advancements and the needs and demand of employees.

For the year ended 30th June, 2019, the Company is not aware of any material non-compliance with laws and regulations relating to OSH that have a significant impact on the Group.

Development and Training

Developing and grooming employees is vital to sustainable growth of the Company. The Company cultivates lifelong learning culture and encourages employees at all levels to undertake internal and external training courses to acquire necessary skills, knowledge and qualifications to support their career enhancement to support the Group's business needs. Courses, seminars and workshops covering various topics in customer services, technical skills, languages and legal requirements in the form of both internal trainings and trainings provided by external specialists are organized on an ongoing basis for employees to keep abreast of the latest developments in the market. Employees also receive support from the Group by way of sponsorship and/or fully-paid training leave for them to attend job-related training courses or professional seminars. Directors of the Company are provided with continuous professional development training to develop and refresh their knowledge and skills and are also updated on the latest legal and regulatory issues.

In March 2018, a new one-year executive development programme was launched to enable senior executives of the Group to refine leadership skills and perspectives and assist them to realize their own potential at the same time. The programme includes leadership profiling, training workshop, executive coaching and strategic project implementation, which equip the participants with new leadership capabilities to adapt to today's complex, fast-paced and competitive environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Development and Training *(Continued)*

Since 2015, the Company has launched the STAR Service Programme to develop frontline supervisors as on-site trainers to provide frontline staff with just-in-time STAR Service training as and when necessary. Over 200 frontline supervisors have completed the programme, passed the assessment and become qualified site trainers. A pocket-size vade mecum has been compiled, which outlines useful tips for handling customer enquiries and complaints, as training materials and a refresher for staff to sustain learning at work anywhere, anytime.

The Company sustains the talent pool with, among others, bright graduates through two trainee programmes, namely the Corporate Management Trainee Programme and the Engineer Trainee Programme.

Labour Standards – Anti-child and Forced Labour

The Company does not engage in nor tolerate any use of child or forced labour and therefore has established procedures to ensure that no child labour is engaged. Contractors and sub-contractors are also required to declare that they have not engaged and will not engage in child or forced labour.

For the year ended 30th June, 2019, the Company is not aware of any non-compliance with laws and regulations relating to preventing child or forced labour that have a significant impact on the Group.

Supply Chain Management

The Company holds the belief that its business partners, including suppliers and contractors, are integral to driving delivery of 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 the 'Green Purchasing Guidelines', and included such associated requirements in its standard tender documents. These requirements include regulatory compliance, labour practices, anti-corruption, environmental measures, green procurement, OSH and other business ethics. The 'Green Purchasing Guidelines' are applied in all purchasing units of the Group and purchasing units are strongly encouraged to take into consideration the government's policy on recommended green product specifications. The Company manages the performances of its suppliers/contractors through suppliers/contractors approval process and by conducting regular monitoring and annual performance reviews on registered suppliers/contractors.

SOCIAL *(Continued)*

Supply Chain Management

(Continued)

When considering a purchase, the following principles will be considered:

- examining the necessity of the product or service to avoid unnecessary consumption and to manage demand;
- considering the alternatives to purchasing a replacement product, such as reusing, recycling, reducing, greater durability and greater energy efficiency;
- considering the emissions, pollutants, energy and water required at all stages of the life cycle;
- reducing the hazardous material content in purchases; and
- considering the end-of-life options.

Product Responsibility

Maintaining Products and Services Quality

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.

The ISO 10002 certified Customer Satisfaction and Complaint Handling System guides the Group's complaint handling process. The Group also sets up hotlines for collecting suggestions, enquiries or complaints from customers, and a complaint/incident handling platform, 'iPromise', which enables its dedicated customer relations team to respond appropriately to customers' concerns and turn them into useful lessons for the Group. For the year ended 30th June, 2019, the customer satisfaction rating was 3.67 out of 4, reflecting the Group's efforts in upholding service quality and pursuing customer satisfaction have been recognized.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Product Responsibility *(Continued)*

Maintaining Products and Services Quality (Continued)

The Group understands that responsible information management is vital to marketing and data handling processes. All marketing and information materials relating to properties launched for sale are prepared according to applicable laws and regulations, such as the Residential Properties (First-hand Sales) Ordinance and the self-regulatory regime of the Real Estate Developers Association of Hong Kong. Handbooks listing out detailed fittings and fixtures guidelines are also distributed to customers and tenants during selling and leasing processes to ensure transparency and authenticity of sales information.

The Group also endeavours to provide an excellent experience to its hotel guests. Food safety is considered to be the top priority. Measures have been adopted to ensure the quality of food supplies.

Protecting Personal Data Privacy and Intellectual Property

The Group respects personal data privacy and intellectual property rights. Policies and measures regarding the protection, collection and usage of personal data and protection of intellectual property are in place. The Group closely follows the Personal Data (Privacy) Ordinance when handling customer data and all employees are required to treat customer data in strict confidence. Training is provided for the relevant employees regarding the protection of personal data. Review and revision of the Group's personal data and privacy protection practices are carried out to ensure compliance with relevant laws. Trademarks and domain names are registered in various jurisdictions in order to protect the intellectual property of the Group. Action will be taken immediately if scam or infringing articles or materials in relation to the Group are discovered.

For the year ended 30th June, 2019, the Company is not aware of any material non-compliance with relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters related to products and services provided and methods of redress that have a significant impact on the Group.

SOCIAL *(Continued)*

Anti-corruption

Staff integrity is one of the critical factors to success. The Company strictly prohibits 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. To this end, the Company organizes seminars delivered by the Independent Commission Against Corruption from time to time for employees to keep abreast of anti-corruption guidelines and practices.

Employees are reminded to avoid situations that may lead to or involve a conflict or potential conflict of interest. To ensure fairness in tendering processes, a Tender Committee has been in place to monitor the supplier and contractor selection process.

A 'Code of Conduct' is in place to ensure the proper conduct of all functions of the Group as well as its 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.

By implementation of the 'Unethical Conduct Notification Policy and Procedures' ("UCN Policy and Procedures"), the Company puts in place a confidential and secure mechanism, namely the Business Ethics Committee comprising members from the management, to protect employees against unethical conducts, such as dishonesty, fraud or harassment, while assisting the Group in achieving its business commitments. In situation where an employee identifies any possible breach of the 'Code of Conduct' or misconducts, he can report to the Business Ethics Committee or the Risk and Control Committee through formal whistle-blowing procedures under the 'UCN Policy and Procedures'. Every reasonable effort will be made to maintain the confidentiality of the whistle-blowers without any kind of retaliation for reports or complaints on reportable misconduct made in good faith. Investigation procedures will be followed to ensure all complaints being treated promptly and fairly. Ongoing monitoring and review of the 'UCN Policy and Procedures' are carried out regularly to assess its effectiveness. Relevant trainings for the 'UCN Policy and Procedures' are also conducted from time to time for staff.

For the year ended 30th June, 2019, the Company is not aware of any material non-compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Community Investment

Caring for the Community

The Group's community engagement services mainly focus on the areas of children and youth development, elderly caring and serving the underprivileged. As a committed corporate citizen, the Group actively participates in a wide range of community programmes and voluntary services for charitable organizations. The volunteer team, 'Sino Caring Friends', was formed in 2008 to organize volunteer services for employees of the Group in collaboration with community partners. The Group strives to foster volunteering culture and encourages employees at all levels and from all business units to serve the community with their skills and expertise. Since the launch of 'Sino Caring Friends' in 2008, members have exceeded 2,400.

Over 600 employees and their family members participated in the Walk for Millions of the Community Chest in January 2019. To advocate the volunteering culture, all staff who have accumulated 30 hours of volunteer services or more in the year are offered a day of volunteer service leave. The total volunteer service hours achieved by employees for the year ended 30th June, 2019 were approximately 151,320.

The Group consolidated various volunteer services and launched the new Community Care Project in 2018. In collaboration with Tung Wah Group of Hospitals Jockey Club Tai Kok Tsui Integrated Services Centre and HK YWCA Sham Shui Po Integrated Social Service Centre, the initiative offers 'Sino Caring Friends' and children from underprivileged families a platform to serve the community. Volunteer training workshops and community services are organized to increase their understanding in volunteering and develop personal growth. During the reporting year, 15 modules of volunteering training and services were completed. Some 130 'Sino Caring Friends' and young volunteers have served 300 families.

To promote social inclusion, the Group donated 20 Waterwheels® to Hong Kong Red Cross, The Hong Kong Society for Rehabilitation, Direction Association for the Handicapped and Sik Sik Yuen Social Services. Accompanied by 'Sino Caring Friends', 10 wheelchair users enjoyed water fun at the launching ceremony on Golden Beach in October 2018.

The Group also supports community partners by providing in-kind support to extend benefits to more individuals. These include venue sponsorship, complimentary parking spaces, special rental offers, as well as publicity supports for NGOs in providing free promotional channels such as posters, printed materials and video clips displayed within the Group's properties.

For the year ended 30th June, 2019, the Group made charitable and other donations amounting to approximately HK\$4,349,000.

SOCIAL *(Continued)*

Community Investment *(Continued)*

Nurturing the Next Generation

Development of the younger generation is one of the foci of the Group's community efforts. The Group concerns about the health, education and upward mobility of underprivileged children and youths, and supports personal development through a wide spectrum of projects to help them identify their talents.

The Group has collaborated with the HKSAR Government and other major Hong Kong companies to launch the Scheme on Corporate Summer Internship on the Mainland and Overseas 2019. This scheme aims to provide local tertiary students with internship places in Mainland China and overseas, and to help young people gain wider exposure to the current socioeconomic landscape at both the national and international levels. The internship is 6 to 8 weeks in duration and each intern will be assigned to a place in Mainland China (Fuzhou, Zhangzhou, Xiamen, Chengdu) or Singapore in different functional areas such as property and hotel management of the Group's operations there.

In an effort to support STEM (Science, Technology, Engineering and Mathematics) education, which is important in the technology era, the OC STEM Lab was set up in Olympian City to provide learning opportunities for the younger generation to cope with the rapid economic, scientific and technological development. The OC STEM Lab hosts workshops for children to foster interest in STEM through hands-on experiences on 3D printer, MakerBot Replicator, embroidery machine and computerized sewing. Professor Einstein – a robot with artificial intelligence capabilities and ability to answer questions about science – 'teaches' at the STEM Lab, and is particularly popular among students.

The new flagship CSR programme, The Fullerton Academy, was launched in 2018, to advocate skill-based volunteerism from staff, partners and vendors to empower disadvantaged youths through workshops, classes and mentorships. 15 underprivileged youths from REACH Community Services joined various baking and culinary workshops conducted by chefs of The Fullerton Hotel Singapore, providing them with hands-on exposure to career options in the hospitality industry. In addition, 10 underprivileged youths from REACH Community Services were taught the fundamentals of photography to cultivate their interest and explore the realm of creative arts.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Community Investment *(Continued)*

Creating an Artistic Community

The Group is committed to making arts and culture accessible to all through partnering with different local arts and culture organizations to tailor community art projects for the underprivileged, children and youths in residential service centres, schools and children's homes, to nurture their sense of aesthetics, appreciation of arts and personal development. The Group curates and sponsors arts events and education programmes to facilitate appreciation of arts and provide local and international artists with opportunities to showcase their talent at the Group's properties encompassing shopping malls, hotels and office buildings.

Collaborated with multi-media agency Niiio from Israel, the Group launched Sino x Niiio Illumination Art Prizes 2018/19, the first of its kind in Hong Kong to nurture the next generation of talented digital artists in local and overseas communities. The winning pieces were displayed at the facades of Tsim Sha Tsui Centre and the Empire Centre, together with the festive illuminations, lighting up the Victoria Harbour.

The Group has received Honourable Commendation at the Hong Kong Arts Development Awards 2018 in recognition of its support for the Hong Kong Arts Development Council Arts Space Scheme.

The Fullerton Heritage is committed to enlivening the arts and cultural scene in Singapore, providing locally established and international artists with the visibility for their works and talent through donations to arts causes and curating art programmes.

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, 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. The purposes of the implementation of ERM are as follows:

- to establish a structured and systematic process for identifying, assessing, reporting and managing risks;
- to define roles and responsibilities within a "Three Lines of Defence" framework;
- to increase risk awareness at all levels;
- to enhance constructive discussion, effective communication and timely escalation of risks by adopting a common platform for risk management;
- to focus on risks that are relevant to the Group's business and reputation, the Board's requirements and stakeholders' expectations;
- to provide 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;
- to provide senior management and the Board with the best available risk information and facilitate the making of informed decisions;
- to ensure compliance with the relevant laws and regulations, and the best practices in corporate governance; and
- to help creating and protecting the value of the Group.

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

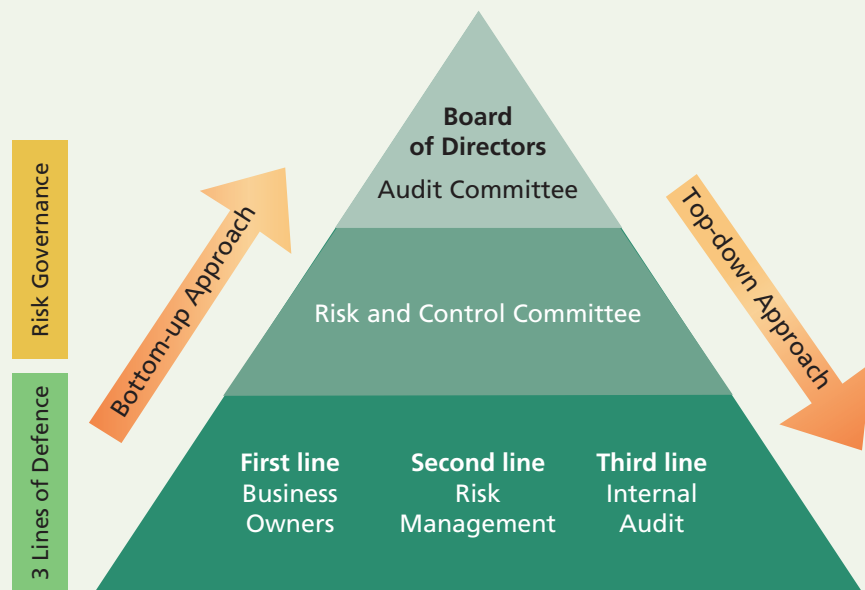
RISK MANAGEMENT REPORT *(Continued)*

RISK GOVERNANCE AND MANAGEMENT

In August 2016, the Audit Committee approved the ERM Policy and Framework, which was based on the International Standard ISO 31000:2009 Risk Management – Principles and Guidelines, proposed by the Risk Management function of the Internal Audit Department. To ensure continued relevance and for continuous improvement, the ERM Policy and Framework has been reviewed and updated with changes in the latest ISO 31000:2018.

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 Risk and Control 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 and managed properly.

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.

RISK MANAGEMENT REPORT *(Continued)*

RISK GOVERNANCE AND MANAGEMENT

(Continued)

The Audit Committee is delegated with the authority from the Board to oversee the design, implementation and monitoring of the risk management and internal control systems within the Group. 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 for ensuring the adequacy and effectiveness of the Group's risk management and internal control systems. The Head of Internal Audit Department reports regularly to the Audit Committee, which in turn reports to the Board, on the Group's overall risk position and key exposures, the actions planned or taken by management, and major emerging risks that require special attention.

The Risk and Control Committee, with its formal terms of reference approved by the Audit Committee, is made up of members from senior management. The Risk and Control Committee assists the Audit Committee in discharging its corporate governance responsibilities for risk management and internal control. Regarding risk management, the Risk and Control 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 the key risks relating to individual business units and the key risks that are enterprise-wide, and ensures alignment with the approved risk appetite.

As the first line of defence, heads of individual divisions and departments manage risks faced by their business units/functions. As the 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 adequacy and 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 Risk and Control Committee and 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 results of risk assessment of individual business units, constructively challenges their views so as to ensure that all the risks relevant to the Group are identified properly, assessed consistently and reported timely. It prepares reports for the Risk and Control Committee and the Audit Committee and escalates risk and control issues with reference to the risk appetite thresholds.

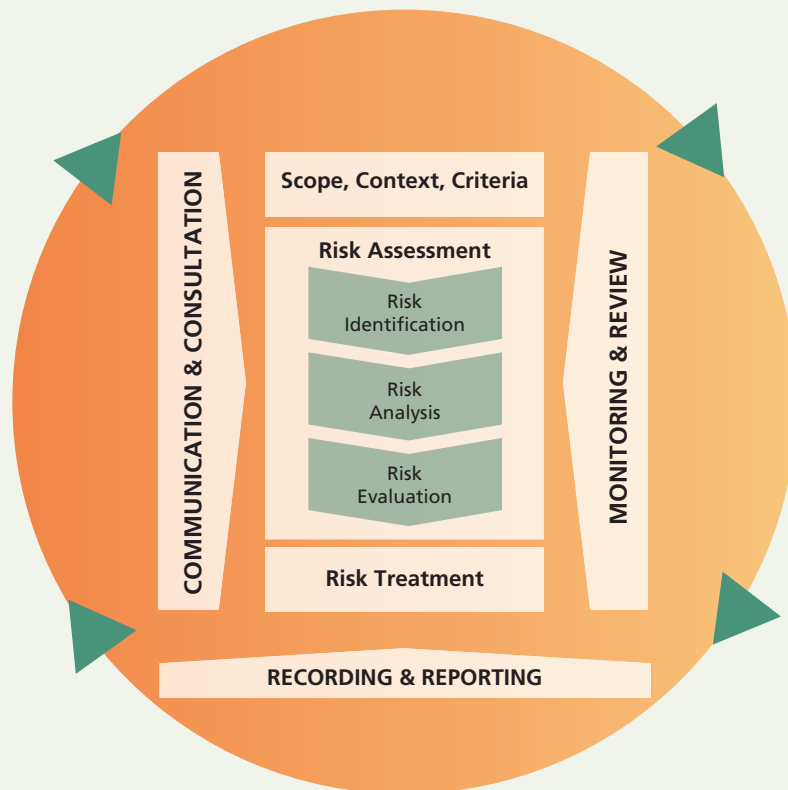
RISK MANAGEMENT REPORT *(Continued)*

RISK GOVERNANCE AND MANAGEMENT *(Continued)*

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 identified properly and evaluated according to the approved ERM Policy and Framework and whether the existing key controls are operating effectively. The results of risk assessment are also mapped to the internal audit plan to ensure the 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 and room for improvement to the Risk and Control Committee and the Audit Committee.

RISK MANAGEMENT PROCESS

The ERM process is illustrated in the diagram below:



(Source: The ISO 31000:2018 Risk Management Process)

RISK MANAGEMENT REPORT *(Continued)*

RISK MANAGEMENT PROCESS *(Continued)*

a) Communication and consultation

Communication and consultation with appropriate external and internal stakeholders take place within and throughout all steps of the ERM process. For instance, the management team holds daily meeting to raise risk concerns, discuss emerging risks identified and formulate early response actions.

b) Scope, context, criteria

The risk management process applies to all business and decision-making processes, including the formulation of strategic objectives, business planning and day-to-day operations. The context of the ERM process is developed from the understanding of the external and internal environment in which the Group operates, taking into account the relevant external and internal factors, the relationships with the external and internal stakeholders and the contractual relationships and commitments to ensure that the risk management approach adopted is appropriate for the Group. To ensure a common assessment standard is adopted, risk criteria are defined to measure the relative significance of risk.

c) Risk identification

Divisions and departments analyze their respective business activities and main processes to identify operational risks, which forms a “bottom-up” approach. A “top-down” approach is also adopted by the senior management to identify business/strategic risks. Combining 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 the identification and accumulation of similar risks.

d) Risk analysis

The purpose of risk analysis is to comprehend the nature of risk and its characteristics. Risk analysis involves a detailed consideration of the sources of risk, the consequences and likelihood, the existing controls and their effectiveness.

RISK MANAGEMENT REPORT *(Continued)*

RISK MANAGEMENT PROCESS *(Continued)*

e) Risk evaluation

Divisions and departments use the predefined criteria to assign scores for the risks identified. With reference to the risk matrix (i.e. a combination of the consequence and likelihood scores), the risk ratings are determined (i.e. low risk, moderate risk, high risk and extreme risk). The risk ratings reflect the management attention and risk treatment effort required, taking into account the Group's risk appetite.

f) Risk treatment

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

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

g) Monitoring and review

Annual risk assessment is conducted to effectively manage the Group's risk profile. A half-yearly review is also conducted to update the progress of risk treatment plans and incorporate changes in the external and internal environment. Key risks and emerging risks are reviewed at least quarterly or when the situation may require.

h) Recording and reporting

The results of risk assessment are documented in the risk registers in a consistent manner. All the identified risks, risk scoring and ratings, together with the details of existing controls and proposed treatment plan (if any) are recorded in the risk registers. Daily management meeting is held to identify and discuss emerging risk and determine the response required.

Quarterly ERM report is prepared for the Risk and Control Committee and the Audit Committee. 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, the corresponding key controls and risk treatment plans, as well as the targeted risk positions upon the completion of risk treatment plans with specified time frame are highlighted 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 principal risks faced by the Group include the following:

Risk Category	Risk Description	Risk Movement*	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"> • Closely monitoring market situation and adopting appropriate strategies promptly • Stress test for different scenarios • Regular performance review of individual business units/projects • Maintaining sound 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 consideration of business cases before commitment, studies on market transactions, joint venture partnership if necessary • Regular review of our properties, asset enhancement where necessary • Continued effort to improve quality of products and services to strengthen our brand and market position • Investments in Mainland China, Singapore and Australia



RISK MANAGEMENT REPORT *(Continued)*

PRINCIPAL RISKS TO THE GROUP *(Continued)*


Risk Category	Risk Description	Risk Movement*	Key Controls/ Mitigation Measures
Operational Risk	Rising costs, including construction costs and operating costs		<ul style="list-style-type: none"> • Budgetary control mechanism established • Analysis and benchmarking of construction and operating costs • Tender/quotation procedures in place to ensure best prices are achieved through competitive bidding • Broadening contractor/supplier base • Ongoing enhancement of efficiency and productivity
	Cyber security		<ul style="list-style-type: none"> • Implementation of security measures such as firewall, anti-spam and anti-virus protection • Ongoing review of IT infrastructure and systems and the need for upgrade/enhancement • Internal communication and training on cyber-attack threats • New position of IT Security Manager to focus on security issues • Set up of emergency incident response team to handle imminent threat of cyber-attack • Upgrade of the network service for contingency

RISK MANAGEMENT REPORT *(Continued)*

PRINCIPAL RISKS TO THE GROUP *(Continued)*

Risk Category	Risk Description	Risk Movement*	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 • Regular reinforcement of our core value of “integrity” to staff and external stakeholders (including contractors and suppliers) through training and communication • Policies and procedures incorporating proper segregation of duties with checks and balances • System of approved contractor and supplier lists with performance evaluation and business concentration monitoring 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 and accounting system recovery drill performed • Taking immediate response actions, e.g. stepping up hygiene measures when potential threat of epidemic increases

For the financial risks of the Group, please refer to “Notes to the Consolidated Financial Statements” on pages 286 to 295.

* Key – Risk Movement (change from last year)
 Risk rating remained broadly the same

RISK MANAGEMENT REPORT *(Continued)*

PRINCIPAL RISKS TO THE GROUP *(Continued)*

Apart from the above principal risks, other specific emerging risks have also been identified and kept under regular monitoring and review. In particular, the Group has identified and focused on the “technology strategic risk”. Technology is advancing exponentially and disrupting the status quo. It is crucial that we can anticipate trends and adopt the appropriate technologies so as to maintain our competitiveness, market share, and branding position. The Group has signed a strategic memorandum of understanding with China Mobile Hong Kong Limited to develop a pre-5G infrastructure across the Group’s residential and commercial properties. This partnership, encompassing Smart Home, Smart Shopping Mall, and Smart Property Management, supports Hong Kong’s transformation into a “smart city”. Moreover, Sino Inno Lab was launched in September 2018 as a real-life incubator platform to try out new ideas.

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 risk items identified in the ERM process are subject to independent reviews and tests 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 39 to 43.

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 42 to 43.

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, 2019.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 48 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 10 to 21 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 78 to 87. Also, the financial risk management objectives and policies of the Group can be found in Note 44 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, 2019, 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 9 of this Annual Report.

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.

Discussions on the Group's environmental policies, performance and relationships with its key stakeholders are contained in the Environmental, Social and Governance Report on pages 54 to 77. 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, 2019.

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 196.

An interim dividend of HK14 cents per share amounting to HK\$946,414,707, including HK\$120,202,370 by way of cash dividends and HK\$826,212,337 by way of scrip alternatives, was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK41 cents per share amounting to HK\$2,794,966,330 payable to shareholders whose names appear on the Register of Members of the Company on 31st October, 2019.

MAJOR PROPERTIES

Details of the major properties of the Group at 30th June, 2019 are set out on pages 326 to 348.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's principal subsidiaries, associates and joint ventures at 30th June, 2019 are set out in Notes 48, 49 and 50 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of shares issued by the Company during the year are set out in Note 32 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 RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 30th June, 2019 were the retained profits of HK\$20,351,123,662 (2018: HK\$20,417,390,115).

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 repayable within one year are classified as current liabilities. Repayment analysis of bank borrowings as at 30th June, 2019 are set out in Note 31 to the consolidated financial statements.

Interest expenses capitalised by the Group during the year in respect of properties under development amounted to HK\$74,471,973.

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 (Deputy Chairman)
Mr. Ringo Chan Wing Kwong
Ms. Alice Ip Mo Lin (retired on 11th February, 2019)
Mr. Gordon Lee Ching Keung
Mr. Sunny Yeung Kwong
Ms. Velencia Lee (appointed on 1st July, 2019)

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
Mr. Wong Cho Bau

In accordance with the Company's Articles of Association and pursuant to Appendix 14 to the Listing Rules, Mr. Daryl Ng Win Kong, Mr. Ringo Chan Wing Kwong, Mr. Gordon Lee Ching Keung and Ms. Velencia Lee 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, 2019 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, 2019, 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	3,852,282,437 <i>(Note)</i>	Beneficial owner of 221,111 shares, spouse interest in 4,731,247 shares and trustee interest in 3,847,330,079 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	56.51%
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. Wong Cho Bau	-	-	-
Mr. Daryl Ng Win Kong	126,741	Beneficial owner	≈0%
Mr. Ringo Chan Wing Kwong	-	-	-
Mr. Gordon Lee Ching Keung	-	-	-
Mr. Sunny Yeung Kwong	-	-	-

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTERESTS *(Continued)*

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

Note:

The trustee interest in 3,847,330,079 shares comprises:

- (a) 1,646,447,855 shares which were held by Tsim Sha Tsui Properties Limited, which was 72.02% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong;
- (b)
 - (i) 51,703,087 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) 1,980,253,990 shares which were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited;
- (c) 124,481,279 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 205,862 shares by Fanlight Investment Limited, 199,027 shares by Garford Nominees Limited, 44,790,058 shares by Karaganda Investments Inc., 19,317,760 shares by Orient Creation Limited, 9,388,898 shares by Strathallan Investment Limited, 28,298,324 shares by Strong Investments Limited, 21,685,055 shares by Tamworth Investment Limited and 596,295 shares by Transpire Investment Limited; and
- (d) 44,443,868 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) Holding Company

Tsim Sha Tsui Properties Limited

Name of Director	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Shares
Mr. Robert Ng Chee Siong	1,334,391,201 <i>(Note)</i>	Beneficial owner of 716,602 shares and trustee interest in 1,333,674,599 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	72.06%
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. Wong Cho Bau	-	-	-
Mr. Daryl Ng Win Kong	-	-	-
Mr. Ringo Chan Wing Kwong	-	-	-
Mr. Gordon Lee Ching Keung	-	-	-
Mr. Sunny Yeung Kwong	-	-	-

Note:

The trustee interest in 1,333,674,599 shares comprises:

- (a) *1,228,417,595 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 127,325,459 shares by Fanlight Investment Limited, 172,544,572 shares by Nippomo Limited, 3,964,889 shares by Orient Creation Limited, 339,358,868 shares by Strathallan Investment Limited, 506,415,580 shares by Tamworth Investment Limited and 78,808,227 shares by Transpire Investment Limited; and*
- (b) *105,257,004 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.*

DIRECTORS' REPORT *(Continued)***DIRECTORS' INTERESTS** (B) **Long Positions in Shares of Associated Corporations** *(Continued)*
(Continued)(ii) **Associates and joint ventures**

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

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

DIRECTORS' REPORT *(Continued)***DIRECTORS' INTERESTS**
*(Continued)***(B) Long Positions in Shares of Associated Corporations** *(Continued)***(ii) Associates and joint ventures** *(Continued)*

Notes:

1. *Osborne Investments Ltd. ("Osborne") was a wholly-owned subsidiary of Seaview Assets Limited which was in turn 100% owned by Boswell Holdings Limited in which Mr. Robert Ng Chee Siong had a 50% control.*
2. *The shares were held by Erleigh Investment Limited, a company 55% controlled by Osborne.*
3. *The share(s) was(were) held by Osborne.*
4. *The shares were held by Standard City Limited, a wholly-owned subsidiary of Osborne.*
5. *The share was held by Smart Link Limited in which Mr. Robert Ng Chee Siong had a 100% control.*
6. *The shares were held by Goegan Godown Limited, a wholly-owned subsidiary of Osborne.*
7. *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.*
8. *The shares were held by Deansky Investments Limited.*

Save as disclosed above, as at 30th June, 2019, none of the Directors had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT *(Continued)*

SHARE OPTION SCHEMES

The Company and its subsidiaries have no share option schemes.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Pursuant to Rule 8.10(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 and Mr. Ringo Chan Wing Kwong held 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 four 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 46 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, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company or his/her 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/she may sustain or incur in or about the execution of the duties of his/her 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, which remains in force.

DIRECTORS' REPORT *(Continued)*

SERVICE CONTRACTS

None of the Directors of the Company has a contract of service with the Company, its holding company, any of its subsidiaries or fellow subsidiaries not determinable by the employing company within one year without payment of compensation (except for statutory compensation).

CONNECTED TRANSACTIONS

(A) Continuing Connected Transactions for the year ended 30th June, 2019

The Company and its holding company, Tsim Sha Tsui Properties Limited ("TST Properties"), jointly announced on 28th June, 2016 that the Company and/or its subsidiaries ("Group") had entered into agreements on 28th June, 2016 ("Agreements" or individually, "Agreement") relating to the following continuing connected transactions between the 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, 2019 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, 2019
	Service Provider	Service Recipient				
1. Building Cleaning Services	Best Result Environmental Services Limited ("BRESL"), a wholly-owned subsidiary of the Company	Ng Family	Provision of building cleaning services and cleaning consultancy services by the Group to properties developed/owned/partly owned or to be developed/owned/partly owned by the Ng Family	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin	HK\$163 million for the period from 1st July, 2018 to 30th June, 2019	HK\$104.01 million
2. Car Park Management Services	Sino Parking Services Limited ("SPSL"), a company held as to 50% by the Company and 50% by the Ng Family	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 the 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	HK\$63 million for the period from 1st July, 2018 to 30th June, 2019	HK\$35.36 million

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Continuing Connected Transactions for the year ended 30th June, 2019 *(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, 2019
	Service Provider	Service Recipient				
3. Estate Management and General Administrative Services	Sino Estates Management Limited ("SEML"), a wholly-owned subsidiary of the Company	Ng Family	Provision of estate management, lifestyle services, home maintenance services, courtesy services and general administrative services by the 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	HK\$51 million for the period from 1st July, 2018 to 30th June, 2019	HK\$26.20 million
4. Security Services	Sino Security Services Limited ("SSSL"), a wholly-owned subsidiary of the Company	Ng Family	Provision of security services by the Group to properties developed/ owned/partly owned or to be developed/ owned/partly owned by the Ng Family	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin	HK\$136 million for the period from 1st July, 2018 to 30th June, 2019	HK\$81.22 million

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Continuing Connected Transactions for the year ended 30th June, 2019 *(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, 2019
	Service Provider	Service Recipient				
5. Lease of Properties	(i) Ng Family (ii) Group	(i) Group (ii) Ng Family	Lease of properties by: (i) the 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 the 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	For the period from 1st July, 2018 to 30th June, 2019, comprising: HK\$204.1 million (i) HK\$175.2 million for lease of properties by the Group; and (ii) HK\$28.9 million for lease of properties by the Ng Family	HK\$81.22 million, comprising: (i) HK\$65.29 million for lease of properties by the Group; and (ii) HK\$15.93 million for lease of properties by the Ng Family

The Ng Family and SPSL, being associate of the Ng Family, are connected persons of TST Properties and the Company by virtue of the Ng Family being the controlling shareholder of both TST Properties and the Company. Therefore, the above transactions constituted continuing connected transactions of each of TST Properties and the Company 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 Internal Audit Department has reviewed the above continuing connected transactions and concluded that the internal controls over such continuing connected transactions are adequate and effective. The findings have been submitted to the Audit Committee.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) **Continuing Connected Transactions for the year ended 30th June, 2019** *(Continued)*

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.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS

(Continued)

(B) Renewal of Continuing Connected Transactions

Reference is made to the continuing connected transactions mentioned in section (A) above. The Agreements expired on 30th June, 2019 and the continuing connected transactions were carried out upon the terms set out therein. New agreements ("New Agreements" or individually, "New Agreement") were entered into on 28th June, 2019 to continue such continuing connected transactions for a term of three years commencing from 1st July, 2019 and ending on 30th June, 2022 with annual caps fixed for each of these years. Particulars of the New Agreements are disclosed herein:

Nature of Services provided under the New Agreement	Parties to the Transactions		Nature of Transactions	Basis of Consideration	Annual Caps under the New Agreement
	Service Provider	Service Recipient			
1. Building Cleaning Services	BRESL	Ng Family	Provision of building cleaning services and cleaning consultancy services by the 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 ranging from approximately 5% to 25% of the amount thereof, payable in monthly instalments in arrears on the last day of each month. The parties will take into account factors such as the size, nature of the building, location, complexity of the work, image, competition and length of the contract in determining the lump sum fee under each individual contract in respect of the services contemplated thereunder	(i) HK\$180 million for the period from 1st July, 2019 to 30th June, 2020; (ii) HK\$198 million for the period from 1st July, 2020 to 30th June, 2021; and (iii) HK\$218 million for the period from 1st July, 2021 to 30th June, 2022
2. Car Park Management Services	SPSL	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 the Group	A lump sum fee to be agreed between the parties which shall be determined by reference to a rate of approximately 16% to 20% of the total gross revenue generated from car parking operations in the relevant properties managed by SPSL and/or the relevant member of the Ng Family, payable in half-yearly instalments in arrears on the last day of each half year. The parties will take into account factors such as the size, nature of the building, location, complexity of the work, image, competition and length of the contract in determining the lump sum fee under each individual contract in respect of the services contemplated thereunder	(i) HK\$57 million for the period from 1st July, 2019 to 30th June, 2020; (ii) HK\$65 million for the period from 1st July, 2020 to 30th June, 2021; and (iii) HK\$79 million for the period from 1st July, 2021 to 30th June, 2022

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(B) Renewal of Continuing Connected Transactions *(Continued)*

Nature of Services provided under the New Agreement	Parties to the Transactions		Nature of Transactions	Basis of Consideration	Annual Caps under the New Agreement
	Service Provider	Service Recipient			
3. Estate Management and General Administrative Services	SEML	Ng Family	Provision of estate management services, lifestyle services, home maintenance services, courtesy services and general administrative services by the 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 approximately 2% to 15% of the management expenditure as shown in the annual budget of, or actually incurred by, the relevant member of the Ng Family in respect of the properties managed by SEML, payable by periodic instalments (for example, monthly, quarterly or half-yearly) in advance or in arrears. The parties will take into account factors such as the size, nature of the building, location, complexity of the work, image, competition and length of the contract in determining the lump sum fee under each individual contract in respect of the services contemplated thereunder	(i) HK\$52 million for the period from 1st July, 2019 to 30th June, 2020;
					(ii) HK\$57 million for the period from 1st July, 2020 to 30th June, 2021; and
					(iii) HK\$63 million for the period from 1st July, 2021 to 30th June, 2022
4. Security Services	SSSL	Ng Family	Provision of security services by the 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 ranging from approximately 5% to 25% of the amount thereof, payable in monthly instalments in arrears on the last day of each month. The parties will take into account factors such as the size, nature of the building, location, complexity of the work, image, competition and length of the contract in determining the lump sum fee under each individual contract in respect of the services contemplated thereunder	(i) HK\$131 million for the period from 1st July, 2019 to 30th June, 2020;
					(ii) HK\$144 million for the period from 1st July, 2020 to 30th June, 2021; and
					(iii) HK\$158 million for the period from 1st July, 2021 to 30th June, 2022

DIRECTORS' REPORT (Continued)

CONNECTED
TRANSACTIONS
(Continued)

(B) Renewal of Continuing Connected Transactions (Continued)

Nature of Services provided under the New Agreement	Parties to the Transactions		Nature of Transactions	Basis of Consideration	Annual Caps under the New Agreement
	Service Provider	Service Recipient			
5. Lease of Properties	(i) Ng Family (ii) Group	(i) Group (ii) Ng Family	(i) the Group (as lessee) leases properties owned or to be owned by the Ng Family (as lessor); and (ii) the Ng Family (as lessee) leases properties owned or to be owned by the Group (as lessor)	(i) In respect of the lease of properties by the Group from the Ng Family: A lump sum rent exclusive of rates, Government rent, management fees and, if any, other outgoings, to be agreed between the parties which shall be determined by reference to the prevailing market rent of the particular properties, payable monthly on the first day of every calendar month (ii) In respect of the lease of properties by the Ng Family from the Group: A lump sum base rent exclusive of rates, Government rent, management fees and, if any, other outgoings, with or without a variable turnover rent linked to the gross sales turnover of the lessee of the particular properties to be agreed between the parties which shall be determined by reference to the prevailing market rent of the particular properties. The base rent is payable monthly on the first day of every calendar month and the turnover rent, if any, is payable on terms to be agreed between the parties	(i) In respect of the lease of properties by the Group from the Ng Family, the total rent for the whole tenancy/licence period which shall be recognized as right-of-use assets according to Hong Kong Financial Reporting Standard 16 – Leases relating to those tenancy agreements or licences to be entered into in the corresponding year shall not exceed: (a) HK\$110.4 million for the period from 1st July, 2019 to 30th June, 2020; (b) HK\$209.3 million for the period from 1st July, 2020 to 30th June, 2021; and (c) HK\$140.9 million for the period from 1st July, 2021 to 30th June, 2022 (ii) In respect of the lease of properties by the Ng Family from the Group, the total rent payable per annum shall not exceed: (a) HK\$61.3 million for the period from 1st July, 2019 to 30th June, 2020; (b) HK\$64.9 million for the period from 1st July, 2020 to 30th June, 2021; and (c) HK\$68.8 million for the period from 1st July, 2021 to 30th June, 2022

**CONNECTED
TRANSACTIONS**
(Continued)

(B) Renewal of Continuing Connected Transactions *(Continued)*

In respect of the continuing connected transactions relating to the provisions of building cleaning services, car park management services, estate management and general administrative services, security services and lease of properties by the Ng Family from the Group, the bases of the abovementioned annual caps were by reference to, where applicable, the nature and value of these transactions for the three years ended 30th June, 2019, the existing scale and operations of the business, the potential increase in the cost of staff, the anticipated development and growth of such businesses and changes of general economic conditions for the next three years, with consideration of annual inflation, and additional services to be provided, which management deemed reasonable.

In respect of the continuing connected transaction relating to the lease of properties by the Group from the Ng Family, the basis of the abovementioned annual caps was by reference to the estimated total rent for the whole tenancy/licence period which shall be recognized as right-of-use assets according to Hong Kong Financial Reporting Standard 16 – Leases relating to those tenancy agreements or licences to be entered into in the corresponding year. The estimated total rent for the whole tenancy/licence period shall be agreed between the parties by reference to the nature and value of these transactions for the three years ended 30th June, 2019, the existing scale and operations of the business, the anticipated development and growth of such businesses and changes of general economic conditions for the next three years, which management deemed reasonable.

**CONNECTED
TRANSACTIONS**
*(Continued)***(C) Purchase of a Residential Unit by a Director's Associate**

The Company announced on 27th December, 2018 that an associate (as purchaser) of an Executive Director of the Company, Mr. Gordon Lee Ching Keung ("Mr. Lee"), entered into a formal agreement on 27th December, 2018 to purchase a residential unit of Grand Central (the "Unit") to be erected on the remaining portion of New Kowloon Inland Lot No. 6514 (the "Development Project") at the consideration of HK\$16,726,800 during the public pre-sale launch of the Development Project. The Development Project is an urban redevelopment project of the Urban Renewal Authority. Union Score Investments Limited (a company indirectly owned as to 90% by the Company) is the developer of the Development Project. As Mr. Lee is an Executive Director of the Company, the purchase of the Unit by his associate constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the above connected transactions have been disclosed in accordance with Chapter 14A of the Listing Rules and are set out in the respective announcements of the Company which are 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 46 to the consolidated financial statements.

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

As at 30th June, 2019, 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	3,861,181,351 <i>(Notes 1, 2, 3, 4, 5 and 6)</i>	Interest of controlled corporations in 13,851,272 shares and trustee interest in 3,847,330,079 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	56.64%
Tsim Sha Tsui Properties Limited	3,678,404,932 <i>(Notes 2(a), 2(b), 3, 4 and 6)</i>	Beneficial owner of 1,646,447,855 shares and interest of controlled corporations in 2,031,957,077 shares	53.95%

Name of Other Shareholder	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Shares
Spangle Investment Limited	403,368,756 <i>(Notes 3 and 6)</i>	Beneficial owner	6.44%
Ka Fai Land Investment Limited	407,830,515 <i>(Notes 4 and 6)</i>	Beneficial owner	5.98%

DIRECTORS' REPORT *(Continued)*

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

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

Notes:

1. 13,851,272 shares were held through companies 100% controlled by Mr. Philip Ng Chee Tat, namely, 4,274,770 shares by Far East Ventures Pte. Ltd. and 9,576,502 shares by Western Properties Pte Ltd.
2. The trustee interest in 3,847,330,079 shares comprises:
 - (a) 1,646,447,855 shares which were held by Tsim Sha Tsui Properties Limited, which was 72.02% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong;
 - (b)
 - (i) 51,703,087 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) 1,980,253,990 shares which were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited (including 455,278,327 shares held by Spangle Investment Limited (Note 3) and 407,830,515 shares held by Ka Fai Land Investment Limited (Note 4));
 - (c) 124,481,279 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 205,862 shares by Fanlight Investment Limited, 199,027 shares by Garford Nominees Limited, 44,790,058 shares by Karaganda Investments Inc., 19,317,760 shares by Orient Creation Limited, 9,388,898 shares by Strathallan Investment Limited, 28,298,324 shares by Strong Investments Limited, 21,685,055 shares by Tamworth Investment Limited and 596,295 shares by Transpire Investment Limited; and
 - (d) 44,443,868 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.
3. Spangle Investment Limited is a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited and its shareholding was duplicated in the interests of the co-executors of the estate of the late Mr. Ng Teng Fong and Tsim Sha Tsui Properties Limited.
4. Ka Fai Land Investment Limited is a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited and its shareholding was duplicated in the interests of the co-executors of the estate of the late Mr. Ng Teng Fong and Tsim Sha Tsui Properties Limited.

DIRECTORS' REPORT *(Continued)*

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

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

Notes: *(Continued)*

5. *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.*
6. *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, 2019, 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.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$4,349,000.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

DIRECTORS' REPORT *(Continued)*

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 74% of the Group's total purchases and the purchases attributable to the Group's largest supplier was approximately 49% of the Group's total purchases.

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

At no time during the year did the Directors, their close 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 28 to 53.

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, 2019 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 29th August, 2019

REVIEW OF OPERATIONS

(1) LAND BANK

As at 30th June, 2019, the Group has 22.1 million square feet of land bank. This land bank consists of a well-diversified portfolio of properties, comprising: commercial 39.4%, residential 37.1%, industrial 11.0%, car parks 7.1% and hotels 5.4%. Developments currently under construction are generally situated in good locations and are conveniently served by various modes of transport, including railway and subway lines. The tables below show the detailed breakdown of the Group's land bank as at 30th June, 2019.

The Group's commercial, industrial buildings, car parks and hotels are held mainly for long-term investment and to generate a stable stream of recurrent income.

	By Status and Usage					Total Area	Percentage
	Commercial	Residential	Industrial	Car Park	Hotel		
	<i>(Floor Area in Square Feet)</i>						
Properties under Development	1,161,103	7,722,326	176,906	-	291,896	9,352,231	42.4%
Investment Properties and Hotels	7,306,475	330,010	1,743,621	1,569,155	909,845	11,859,106	53.7%
Completed Properties for Sale	220,205	141,869	496,392	-	-	858,466	3.9%
Total	8,687,783	8,194,205	2,416,919	1,569,155	1,201,741	22,069,803	100.0%
Percentage	39.4%	37.1%	11.0%	7.1%	5.4%	100.0%	

	By Location and Usage					Total Area	Percentage
	Commercial	Residential	Industrial	Car Park	Hotel		
	<i>(Floor Area in Square Feet)</i>						
Mainland China	1,486,630	3,753,297	-	665	29,876	5,270,468	23.9%
Kowloon	3,074,224	2,288,981	1,490,002	364,145	43,759	7,261,111	32.9%
New Territories	2,612,520	1,606,994	926,917	1,144,043	-	6,290,474	28.5%
Hong Kong Island	1,353,958	544,933	-	60,302	427,526	2,386,719	10.8%
Singapore	130,729	-	-	-	545,510	676,239	3.1%
Sydney, Australia	29,722	-	-	-	155,070	184,792	0.8%
Total	8,687,783	8,194,205	2,416,919	1,569,155	1,201,741	22,069,803	100%

REVIEW OF OPERATIONS *(Continued)*

(1) LAND BANK *(Continued)*

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

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



REVIEW OF OPERATIONS *(Continued)*

(1) LAND BANK *(Continued)*

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



(2) HIGHLIGHTS OF THE GROUP'S PROPERTIES COMPLETED DURING THE FINANCIAL YEAR 2018/2019

Commune Modern (100% owned)

28 Wo Fung Street, Luen Wo Hui, Fanling, New Territories, Hong Kong

The development site of 30,440 square feet was acquired at a government tender in September 2014. The project is next to Luen Wo Market and Grand Regentville, a residential-cum-commercial project developed by the Group. Commune Modern can be accessed by the East Rail Line and the nearest station is Fanling Station. Built in 1951, Luen Wo Hui was formerly a market developed by local people and it was a popular place where local people did shopping daily. The building of Luen Wo Market has a history of over half of a century. It has been classified as Grade 3 historic building by Antiquities and Monuments Office of the Leisure and Cultural Services Department of the HKSAR Government since 2010.

The project provides a total of approximately 209,909 square feet of plot ratio area comprising approximately 135,891 square feet of residential area in approximately 296 units, approximately 34,497 square feet of commercial area and approximately 39,521 square feet of car parking spaces. The Occupation Permit for the project was obtained in July 2018 whilst the Compliance Certificate was issued in November 2018. The project was launched for sale in June 2016. Market response to the sale was good and to date, a total of approximately 99% of the units have been sold.

Capital Tower (30% owned)

(NKIL 6313) 38 Wai Yip Street, Kowloon Bay, Kowloon, Hong Kong

This commercial site of 40,849 square feet was acquired at a government tender in May 2015. Upon completion, it provides a total of approximately 490,134 square feet of commercial plot ratio area. As the Group has 30% equity interest in the project, the total plot ratio area attributable to the Group is approximately 147,040 square feet. Of the total plot ratio area, approximately 92% is designated for the development of office area and the rest for retail use. The pre-sale consent was issued in February 2018. The Occupation Permit for the project was issued in April 2019 whilst the Certificate of Compliance was obtained in June 2019. The project was launched for sale in the first quarter of 2018 and to date, approximately 49% of the floor area have been sold.

REVIEW OF OPERATIONS *(Continued)*

(2) HIGHLIGHTS OF THE GROUP'S PROPERTIES COMPLETED DURING THE FINANCIAL YEAR 2018/2019

(Continued)

The Hillside (100% owned)

9 Sik On Street, Wan Chai, Hong Kong

The site of IL9049 at 9 Sik On Street in Wan Chai was acquired at a government tender in September 2013. It has a site area of approximately 2,239 square feet and is used for residential development. The project is close to The Avenue Phase 1 and 2 which were also developed by the Group and it is only a few minutes' walk from the Wan Chai Station. The Occupation Permit for the project was obtained in August 2018 whilst the Certificate of Compliance was issued in January 2019. The project provides a total of approximately 11,195 square feet of residential plot ratio area in 22 residential units and it is for leasing purposes.

(3) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTY DEVELOPMENTS DEVELOPMENT PROJECTS IN HONG KONG

Grand Central (Joint Venture)

33 Hip Wo Street, Kwun Tong (South), Kowloon, Hong Kong

In September 2014, the Group was awarded the rights to develop Areas 2 and 3 of the Kwun Tong Town Centre Development project from Urban Renewal Authority of Hong Kong ("URA"). The entire Kwun Tong Town Centre Development project is the largest redevelopment initiative ever undertaken by URA and is divided into five development areas comprising residences, shopping arcades, office buildings, a hotel, government facilities and a transport interchange.

(3) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTY DEVELOPMENTS *(Continued)*
DEVELOPMENT PROJECTS IN HONG KONG *(Continued)*

Grand Central (Joint Venture) *(Continued)*

Development Areas 2 and 3 comprise residences, a shopping mall, government facilities and a public transport interchange. The project will be a vibrant world-class integrated mixed-used mega development. The location is easily accessed by various modes of public transport including MTR (Kwun Tong Station), buses and public light buses. The project has a site area of 234,160 square feet and upon completion, it will provide residential plot ratio area of approximately 1,495,981 square feet in approximately 1,999 units. As the Group has 90% equity interest in the development right of the project, the residential plot ratio area attributable to the Group is approximately 1,346,383 square feet. The construction of the superstructure is in progress. The development will be divided into two phases with Phase 1 having 1,025 residential units and Phase 2 having 974 units. It is expected that the Occupation Permit and the Certificate of Compliance for both phases will be obtained in the financial year 2020/2021. The Group will build and sell the residential units. The retail area, government facilities and the public transport interchange will be developed by the Group and after completion, the retail area will be transferred to URA whilst government facilities and the public transport interchange will be transferred to the HKSAR Government.

The pre-sale consents for both Phase 1 and 2 of Grand Central were issued in November 2018 and they were launched for sale in December 2018. To date, approximately 80% of the units have been sold. Total proceeds derived from the sales have reached HK\$20.3 billion.

YLTL 532 (100% owned)

Junction of Wang Yip Street West and Hong Yip Street, Tung Tau Industrial Area, Yuen Long, New Territories, Hong Kong

The Group acquired the site in Yuen Long for commercial development at a government tender in December 2015. The site has an area of 99,524 square feet and is within walking distance from the residential project The Spectra at Long Ping Station (North). Upon completion, a total of approximately 497,620 square feet of commercial area will be built. In respect of the breakdown of the office and retail areas, approximately 75% of the total plot ratio area is designated for the development of office and 25% for retail. The project is under foundation stage. Both the Occupation Permit and the Certificate of Compliance for the project are expected to be obtained in the financial year 2021/2022.

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

DEVELOPMENT PROJECTS IN HONG KONG *(Continued)*

Mayfair By The Sea 8 (100% owned)

1 Fo Yin Road, Pak Shek Kok (East), New Territories, Hong Kong

The site of TPTL 228 was acquired at a government tender in July 2016. It has a site area of approximately 114,594 square feet and is designated for residential development. The project is next to the Science Park and is only a few minutes' walk from Mayfair By The Sea I and II which were also developed by the Group. Named Mayfair By The Sea 8, the project will provide a total of approximately 412,530 square feet of residential plot ratio area in approximately 528 units on completion. It is estimated that both the Occupation Permit and the Certificate of Compliance shall be obtained in the financial year 2020/2021. Pre-sale consent was obtained in January 2019. To date, approximately 76% of the units have been sold. Total proceeds derived from the sale have reached HK\$3.6 billion.

Lot 1040 in Demarcation District No. 103 (Joint Venture)

Kam Sheung Road Station Package One Property Development, Kam Ho Road and Tung Wui Road, New Territories, Hong Kong

In May 2017, the joint venture company to which the Group has 33.3% equity interest was awarded the development right by the MTR Corporation Limited to develop the residential property at the site next to the MTR Kam Sheung Road Station. The Station is along the West Rail and between Tsuen Wan West and Yuen Long Stations. The site with a total area of approximately 448,719 square feet lies in between Kam Ho Road and Tung Wui Road. Upon completion, the site will provide a total of approximately 1,236,741 square feet of residential plot ratio area in approximately 2,113 units. The development of the project is divided into two phases. The number of residential units for Phase 1 and 2 are 1,423 and 690 respectively. As the Group has 33.3% equity interest in the development right of the project, the total residential plot ratio area attributable to the Group is approximately 412,247 square feet. Both the Occupation Permit and Consent to Assign for Phase 1 are expected to be obtained in the financial year 2022/2023. The Occupation Permit and Consent to Assign for Phase 2 are expected to be obtained in the financial years 2022/2023 and 2023/2024 respectively. The project is currently under advance works stage.

(3) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTY DEVELOPMENTS *(Continued)***DEVELOPMENT PROJECTS IN HONG KONG** *(Continued)***Site C2 of The Remaining Portion of Tseung Kwan O Town Lot No. 70 (Joint Venture)**

LOHAS Park Package Eleven Property Development, Tseung Kwan O, New Territories, Hong Kong

The Group was awarded the right to develop the residential project which is also known as LOHAS Park Package Eleven Property Development Project by MTR Corporation Limited in April 2019. The project has a site area of 177,359 square feet and it is atop the retail mall which is currently under construction. Upon completion of the construction of this residential project, it will afford a total of approximately 956,468 square feet of residential plot ratio area. The Group has 40% equity interest in the project. The plot ratio area attributable to the Group will be 382,587 square feet. The project is under planning stage. It is expected that the Occupation Permit and the Consent to Assign will be obtained in the financial years 2022/2023 and 2023/2024 respectively.

KIL6038RP, KIL6037RP, KIL6036RP, KIL6035RP and KIL6005 (Joint Venture)

24A Kadoorie Avenue, Ho Man Tin, Kowloon, Hong Kong

The Group was awarded the development right to redevelop the previous head office site of CLP in Ho Man Tin in December 2017. The site of 61,941 square feet is in the heart of Kowloon with picturesque view of Kadoorie Hill. It is truly a rarity which commands the most sought-after location in Hong Kong's legendary neighbourhood with rich history, traditions and the most coveted school network. The Clock Tower building will be preserved for community use. The project will be developed into residential properties. Upon completion, the project will provide a total of 309,707 square feet of residential plot ratio area in approximately 175 apartments. The Occupation Permit and Compliance Certificate for the project are expected to be obtained in the financial years 2020/2021 and 2021/2022 respectively. The preparation and foundation work have been completed.

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

DEVELOPMENT PROJECTS IN HONG KONG *(Continued)*

The Fullerton Ocean Park Hotel Hong Kong (Joint Venture)

Tai Shue Wan, Hong Kong

In January 2017, the joint venture company, to which the Group has 60% equity interest, was awarded the development right by the Ocean Park Corporation to build and manage a hotel located at the sea-front between Po Chong Wan and Tai Shue Wan within the Ocean Park boundary. It is adjacent to the all-weather, all year water park in Tai Shue Wan Development Project in the Ocean Park which is due to open in 2020. Upon completion, the project will provide a total of approximately 436,700 square feet of plot ratio area and the total plot ratio area attributable to the Group is approximately 262,020 square feet. The hotel is estimated to open for business in 2021. The foundation work has been completed and the superstructure work is currently in progress. Named The Fullerton Ocean Park Hotel Hong Kong, the total number of guest rooms in the hotel is expected to be approximately 430.

NKIL 6602 (Joint Venture)

Yau Tong Ventilation Building Property Development, Ko Chiu Road, Yau Tong, Kowloon, Hong Kong

The joint venture company to which the Group has 80% equity interest was awarded the development right to build a residential project over the Yau Tong Ventilation Building from MTR Corporation Limited in May 2018. The site is approximately 8 minutes' walk from Yau Tong Station. The project commands one of the most coveted locations in a fast-growing, urban neighbourhood with amenities and high potential. Yau Tong Station is one of the only three MTR stations directly connected to Hong Kong Island, alongside Kowloon Station and Tsim Sha Tsui Station. There are well-established amenities in the vicinity, it is one stop from Quarry Bay Station on the Island Line and connects residents to all other major business hubs with the city's efficient transport network. The project has a site area of 43,379 square feet. Upon completion, the project will provide a total of approximately 325,342 square feet of residential plot ratio area in approximately 800 apartments. The plot ratio area which is attributable to the Group is 260,274 square feet. The Occupation Permit and Compliance Certificate for the project are expected to be obtained in the financial years 2023/2024 and 2024/2025 respectively. The ground investigation work has been completed and the hoarding work is currently in progress.

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

DEVELOPMENT PROJECTS IN HONG KONG *(Continued)*

AIL 467 (Site B) (Joint Venture)

Wong Chuk Hang Station Package Two Property Development, Aberdeen, Hong Kong

The joint venture company to which the Group has 50% equity interest was awarded the right to develop a residential project atop of the MTR Wong Chuk Hang Depot from MTR Corporation Limited in December 2017. The project overlooks the Aberdeen Marina Club at Shum Wan with Singapore International School and Ocean Park nearby. Upon completion, the project will provide a total of approximately 492,991 square feet of residential plot ratio area (246,496 square feet attributable to the Group) on the site with an area of approximately 92,269 square feet. It is expected that a total of approximately 600 apartments will be built. The Occupation Permit and Consent to Assign for the project are expected to be obtained in the financial years 2022/2023 and 2023/2024 respectively. The project is currently under the progress of foundation works.

NKIL 6549 (22.5% owned)

Cheung Sha Wan, Kowloon, Hong Kong

The development site of approximately 208,262 square feet was acquired at a government tender in November 2017. The plot commands a coveted urban waterfront location enjoying panoramic harbour views while having the West Kowloon Cultural District and Express Rail Link Terminus in the vicinity. It enjoys excellent connectivity with MTR stations and lines linking Central, airport, the Express Rail Link Terminus and all the commercial hubs in the city. Upon completion, the project will provide a total of approximately 987,812 square feet of residential plot ratio area in approximately 1,345 units. The plot ratio area which is attributable to the Group is 222,258 square feet. The Occupation Permit and Compliance Certificate for the project are expected to be obtained in the financial years 2021/2022 and 2022/2023 respectively. The foundation work is in progress.

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

DEVELOPMENT PROJECTS IN HONG KONG *(Continued)*

KCTL 524 (100% owned)

Wing Kei Road, Kwai Chung, New Territories, Hong Kong

The Group acquired an industrial site in Kwai Chung at a government tender in May 2017. The site has an area of approximately 18,623 square feet. Upon completion, the project will provide a total of approximately 176,906 square feet of plot ratio area. The building can be used for a wide variety industrial purposes which can be office in direct support of an industrial operation; information technology and telecommunications industries; audio-visual recording studio; media design and media production; vehicle repair workshop/inspection centre; cargo handling and forwarding facilities and laboratory and so forth. The Occupation Permit and Compliance Certificate for the project are expected to be obtained in the financial year 2021/2022. The construction of the superstructure work is in progress.

AIL 462 (60% owned)

Yip Kan Street and Wong Chuk Hang Road, Wong Chuk Hang, Hong Kong

The commercial site of AIL 462 in Wong Chuk Hang was acquired at a government tender in October 2016. The site is a few minutes' walk from Wong Chuk Hang Station on the MTR South Island Line which is two stations from Admiralty Station. With the MTR South Island Line commenced operations in December 2016 connecting the Central to Southern part of the Hong Kong Island, Wong Chuk Hang has become a desirable location for corporations to set up their offices and the area has been undergoing a transformation from a traditional industrial area into a hub of commercial, industrial and residential district, making it a diversified and interesting area for work, entertainment and living. The infrastructure development has also made the local attractions such as Ocean Park, Aberdeen Marina Club and the floating restaurant more accessible. The project has a site area of 18,996 square feet and is currently under superstructure construction stage. The project will provide approximately 145,767 square feet of plot ratio area attributable to the Group, as well as the development of an Arts and Cultural Centre to be handed over to the HKSAR Government upon completion. With the total plot ratio area, approximately 86% will be designated for the development of office and the rest for retail. Both the Occupation Permit and the Certificate of Compliance for the project are expected to be obtained in the financial year 2021/2022.

(3) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTY DEVELOPMENTS *(Continued)***DEVELOPMENT PROJECTS IN HONG KONG** *(Continued)***STTL 611 (100% owned)**

Whitehead, Ma On Shan, Sha Tin, New Territories, Hong Kong

The site of STTL 611 was acquired at a government tender for residential development in July 2017. It has a site area of approximately 49,729 square feet. Upon completion, it will provide a total of approximately 119,351 square feet of attributable gross floor area in approximately 94 units. The Occupation Permit and Certificate of Compliance for the project are expected to be obtained in the financial years 2020/2021 and 2021/2022 respectively. The foundation of the project is currently in process.

IL 9064 (Joint Venture)

Site A, Peel Street, Central, Hong Kong

The Group was awarded the right to develop Site A at Peel Street in Central at a tender from URA in March 2017. The project has a site area of approximately 9,607 square feet. Upon completion, the Group will build approximately 84,260 square feet of residential plot ratio area in approximately 121 residential units as well as retail area and the Government, Institution and Community ("GIC") facilities. Both the retail and GIC facilities will be handed over to URA upon completion of the project. The Occupation Permit and the Certificate of Compliance for the project are expected to be obtained in the financial years 2021/2022 and 2022/2023 respectively. The project is under foundation work.

KIL 11254 (Joint Venture)

Reclamation Street/Shantung Street, Mongkok, Kowloon, Hong Kong

The Group was awarded the development right of this residential project from URA in December 2017. The project is located at the shopping area of Mongkok and is within walking distance from Mongkok MTR Station. The site area of the project is approximately 14,961 square feet. Upon completion, the project will afford a total of approximately 112,204 square feet of residential plot ratio area in approximately 319 residential units. The plot ratio area attributable to the Group is 67,322 square feet. The Occupation Permit and the Certificate of Compliance for the project are expected to be obtained in the financial years 2021/2022 and 2022/2023 respectively. The project is under construction stage.

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

DEVELOPMENT PROJECTS IN HONG KONG *(Continued)*

Madison Park (Joint Venture)

1 Kowloon Road, Cheung Sha Wan, Kowloon, Hong Kong

The Group was awarded the right to develop the site at Kowloon Road in Cheung Sha Wan at a tender from URA in October 2016. The project has a site area of approximately 5,842 square feet. Upon completion, a total of approximately 52,571 square feet of plot ratio area will be built, comprising approximately 43,809 square feet of residential plot ratio area in approximately 100 residential units as well as approximately 8,762 square feet of retail area. The Occupation Permit and the Certificate of Compliance for the project are expected to be obtained in the financial years 2019/2020 and 2020/2021 respectively. The construction of the superstructure is in progress. The pre-sale consent was obtained in August 2018 and it was launched for sale in the same month. To date, 70% of the residential units have been sold.

Lot 1181 in Demarcation District No. 215 (100% owned)

Hong Kin Road, Tui Min Hoi, Sai Kung, New Territories, Hong Kong

The site was acquired at a government tender in April 2015. It is located at the prime position along the sea-front of Sai Kung town and is closed to 6-hectare Sai Kung Outdoor Recreation Centre and 16-hectare Lions Nature Education Centre. The project has a site area of approximately 36,856 square feet. Upon completion, the project will provide a total of approximately 51,592 square feet of residential plot ratio area in approximately 34 residential units comprising 26 apartments and 8 houses. Both the Occupation Permit and Certificate of Compliance for the project are expected to be obtained in the financial year 2019/2020. The construction of superstructure is in progress.

Lot No. 765 in Demarcation District No. 332 (100% owned)

South Lantau Road, Cheung Sha, Lantau Island, New Territories, Hong Kong

The Group acquired a residential site in Cheung Sha, Lantau Island through a tender from HKSAR Government in December 2018. Upon completion of the construction, the project will provide a total of approximately 11,582 square feet of residential plot ratio area. Both the Occupation Permit and Certificate of Compliance for the project are expected to be obtained in the financial year 2022/2023. The project is under planning stage.

(3) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTY DEVELOPMENTS *(Continued)* DEVELOPMENT PROJECTS IN CHINA

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

No. 298, Tengfei Road, Xiangcheng District, Zhangzhou, Fujian Province, PRC

The development site of Dynasty Park was acquired in 2005. Named Dynasty Park, the project has a total of approximately 4.5 million square feet of plot ratio area with 4.2 million square feet of residential area in approximately 3,864 units, the remaining commercial area and resident communal facilities.

In respect of sales, a total of 2,319 residential units, comprising 602 units in Phase I, 1,047 units in Phase II and 670 units of the total of 1,268 units in Phase III, have been launched for sale since September 2012 and to date, approximately 99% of these units launched have been sold. In respect of the progress of the construction, Phase I comprising residential plot ratio area of approximately 0.6 million square feet in 602 units and commercial plot ratio area of 25,919 square feet was completed in the financial year 2013/2014. Phase II comprising residential plot ratio area of approximately 1.3 million square feet in 1,047 units and commercial plot ratio area of 47,095 square feet was completed in last financial year 2017/2018. Phases III and IV comprising approximately 2.2 million square feet of residential area in approximately 2,215 units and 93,502 square feet of commercial space are expected to be completed in the next four years.

T102-0262 (50% owned)

Land Parcel 04, Unit 7, Qianwan Area, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen, PRC

The Group acquired 50% equity interest in a development project in Qianhai, Shenzhen in May 2017. The project has a total site area of approximately 80,485 square feet. Upon completion which is estimated to be in 2021, it will provide a total of approximately 495,144 square feet of plot ratio area of commercial area. The project will be developed into serviced apartments. As the Group has 50% equity interest in the project, the commercial plot ratio area which is attributable to the Group is approximately 247,572 square feet.

REVIEW OF OPERATIONS *(Continued)*

(3) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTY DEVELOPMENTS *(Continued)* DEVELOPMENT PROJECTS IN CHINA *(Continued)*

T102-0261 (30% owned)

Land Parcel 03, Unit 7, Qianwan Area, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen, PRC

The Group acquired 30% equity interest in a commercial development project in Qianwan Area in Qianhai, Shenzhen in July 2019. The project is opposite to the site of T102-0262, Land Parcel 04, unit 7. It has a total site area of approximately 183,842 square feet. Upon completion of the project, the total plot ratio area will be 861,120 square feet. In terms of the breakdown of usage, approximately 90% of the total plot ratio area will be office and the remaining will be retail and public and transport facilities. As the Group has 30% equity interest in the project, total attributable plot ratio area will be 258,336 square feet. The project is expected to be completed in the end of 2023.

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

Mayfair By The Sea I (85% owned)

23 Fo Chun Road, Pak Shek Kok, Tai Po, New Territories, Hong Kong

The site was acquired at a government land auction in December 2009. The area is well known for various types of sports including water sports and cycling. The Occupation Permit and Certificate of Compliance for the project were issued in June and November 2015 respectively. The project affords a total of approximately 720,559 square feet of plot ratio area. Of this total plot ratio area, approximately 675,598 square feet are for residential purposes comprising 546 units and the remaining area of 44,960 square feet for commercial. The Group has 85% equity interest in the project. Therefore, the plot ratio area attributable to the Group is approximately 612,475 square feet. The residential units were launched for sale in June 2014 and they were sold by phases. To date, all of the residential units have been sold whilst the commercial area is for leasing purposes.

(4) HIGHLIGHTS OF THE GROUP'S MAJOR PROPERTIES COMPLETED IN RECENT YEARS *(Continued)***Mayfair By The Sea II (100% owned)**

21 Fo Chun Road, Pak Shek Kok, Tai Po, New Territories, Hong Kong

The site was acquired at a government land auction in December 2009. The Occupation Permit and Certificate of Compliance for the project were issued in June and November 2015 respectively. The project affords a total of approximately 720,669 square feet of plot ratio area. Of this total plot ratio area, approximately 675,673 square feet are for residential purposes comprising 545 units and the remaining area of 44,996 square feet for commercial. The residential units were launched for sale in June 2014 and they were sold by phases. To date, all of the residential units have been sold. The commercial area of Mayfair By The Sea II is for leasing purposes.

The Mediterranean (100% owned)

8 Tai Mong Tsai Road, Sai Kung, New Territories, Hong Kong

The development site of approximately 166,089 square feet was acquired at a government tender in January 2013 and is located in the centre of Sai Kung. Sai Kung, which is well known as the 'Back Garden of Hong Kong', is surrounded by greenery, mountains and Geoparks. The project is a few minutes' walk from the sea-front of Sai Kung Promenade where there are public recreation facilities. The Occupation Permit for the project was obtained in October 2017 whilst the Certificate of Compliance was obtained in January 2018. The project provides a total of approximately 249,133 square feet of plot ratio area in approximately 297 residential units. It was launched for sale in December 2015 and to date, approximately 93% of the units have been sold. The project received a Merit in the Best Landscape Award for Private Property Development 2018 by Leisure and Cultural Services Department of The Government of HKSAR.

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

Park Mediterranean (100% owned)

9 Hong Tsuen Road, Sai Kung, New Territories, Hong Kong

The development site of approximately 86,898 square feet was acquired at a government tender in November 2013. The project is within the vicinity of Sai Kung Outdoor Recreation Centre, the Lion Club's Nature Education Centre and Ma On Shan Country Park. The Occupation Permit for the project was obtained in October 2017 whilst the Certificate of Compliance was obtained in March 2018. The project provides a total of approximately 173,796 square feet of plot ratio area in approximately 285 residential units. Park Mediterranean was launched for sale in July 2016 and to date, over 85% of the units have been sold. The project received a Merit in the Best Landscape Award for Private Property Development 2018 by Leisure and Cultural Services Department of The Government of HKSAR.

The Fullerton Heritage (100% owned)

Singapore

Capitalising on the important history and heritage of the conserved buildings in the heart of Singapore's Central Business District, and the prime location of the promenade along the waterfront in Collyer Quay, the Group has developed and transformed the entire area into a major destination for hospitality, dining, retail and entertainment. The development has been named The Fullerton Heritage which comprises The Fullerton Hotel Singapore, The Fullerton Bay Hotel Singapore, One Fullerton, The Fullerton Waterboat House, Clifford Pier, Customs House and The Fullerton Pavilion. The Fullerton Heritage offers a memorable lifestyle experience for locals and tourists, and also promotes the conservation of heritage buildings in line with the Group's ongoing commitment to corporate social responsibility. Descriptions of One Fullerton, The Fullerton Waterboat House, The Fullerton Pavilion and Customs House can be found in Section (6) of this Review of Operations whilst descriptions of The Fullerton Hotel Singapore and The Fullerton Bay Hotel Singapore can be found in Section (7) of this Review of Operations.

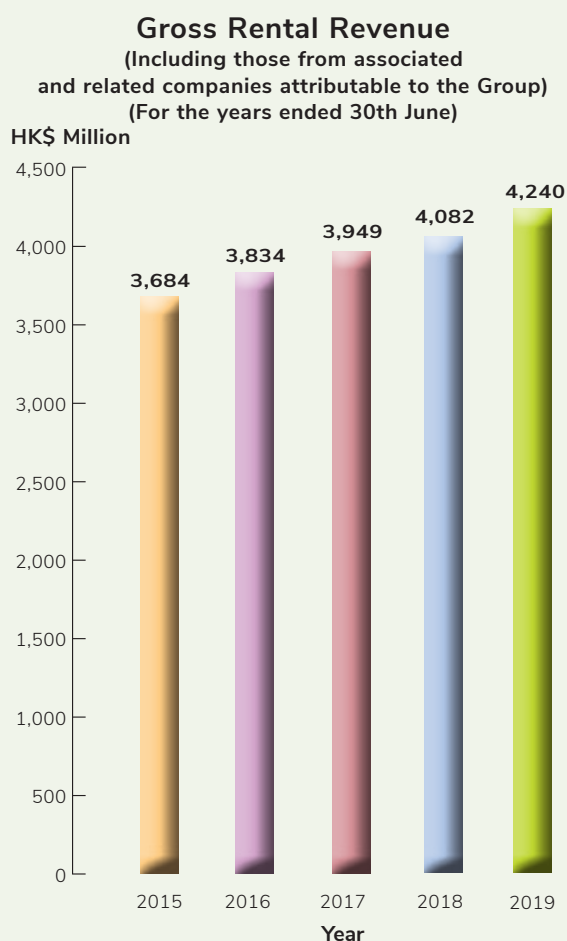
REVIEW OF OPERATIONS *(Continued)*

(5) MAJOR INVESTMENT PROPERTIES AND HOTELS

The Group has 11.9 million square feet of investment properties and hotels as at 30th June, 2019. The portfolio comprises properties of diversified usage:

Use	Floor Area <i>(Square feet)</i>	Percentage
Office/Retail	7,306,475	61.6%
Industrial	1,743,621	14.7%
Car parks	1,569,155	13.2%
Hotels	909,845	7.7%
Residential	330,010	2.8%
	<u>11,859,106</u>	<u>100.0%</u>

The Group's investment property portfolio showed an overall occupancy rate of 97% for the financial year 2018/2019. Including contributions from associated and related companies, the total gross rental revenue was HK\$4,240 million.



(6) HIGHLIGHTS OF INVESTMENT PROPERTIES

Tuen Mun Town Plaza Phase I (100% owned)

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

Tuen Mun Town Plaza Phase I is one of the major retail malls and landmarks in North-West New Territories. It provides approximately 1.1 million square feet of floor area. The mall offers a wide spectrum of business mix with over 300 shops and restaurants catering to a diverse customer base. A good transport network including the West Rail, the local Light Rail System and buses as well as increasing number of residential developments in the region over the years are the major contributory factors to support a good shoppers' flow to the mall. Trade mix is regularly reviewed and reorganised from time to time to meet the demand of shoppers. A balanced trade mix combined with the Group's thematic promotional and marketing events, the customers shopping in the mall will find it appealing. The Group will continue its effort in providing a pleasant shopping environment for its customers. The occupancy rate of the mall was maintained at high level during the year under review.

Olympian City 1 and 2 (Joint Venture)

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

Olympian City 1 and 2 combined offers in excess of 650,000 square feet of retail area and they are conveniently accessed by MTR and other public road transports. These two malls are inter-connected and linked to the Olympic Station by footbridges. The malls have become the landmarks in the region which are desirable for major events during holiday seasons or special occasions such as Christmas, New Year and international events. Olympian City 1 and 2 with its three levels of shopping, an open piazza, variety of retail and a cinema offer shoppers a wide range of choices of entertainment and shopping, and the opportunity to dine on a wide selection of cuisines in its restaurants. Both malls were maintained at high occupancy throughout the year under review.

(6) HIGHLIGHTS OF INVESTMENT PROPERTIES *(Continued)***Olympian City 3 (50% owned)**

1 Hoi Wang Road, South West Kowloon, Hong Kong

Olympian City 3 is the shopping mall at the residence of The Hermitage and it is adjacent to the Olympian City 2 and Central Park residence which are also developed by the Group. The shopping mall has a total of approximately 118,000 square feet of retail area. As the Group has 50% equity interest in the project, the floor area attributable to the Group is approximately 59,000 square feet. It is also connected to Mongkok area by a covered footbridge which enhances the accessibility of the mall and shoppers' flow. Combining the existing Olympian City 1 and 2 shopping malls, the entire Olympian City shopping mall accommodates an attractive trade mix. The Group strives to develop its malls as favourite family destinations by providing a pleasant shopping environment and an exciting programme of special events and entertainment. The occupancy rate of Olympian City 3 was maintained at high level during the year under review. This mall received a Merit award in the Best Landscape Award for Private Property Development 2018 by Leisure and Cultural Services Department of The Government of HKSAR.

Citywalk (Joint Venture)

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

Open since January 2008, Citywalk is an award-winning and environmentally friendly shopping mall which offers approximately 245,000 square feet of retail area. The development is located in the heart of Tsuen Wan, with footbridge connecting to both the Tsuen Wan Station of Mass Transit Railway Tsuen Wan Line and the Tsuen Wan West Station on the West Rail as well as other developments. A landmark shopping attraction, Citywalk includes a piazza, a Vertical Garden, an optimal tenant mix, good floor layouts, ample car park facilities and high accessibility via public transport networks. The project has received a Platinum rating from the Hong Kong Building Environmental Assessment Method Society (HK-BEAM Society) for eleven distinctive green features and designs, which include the Vertical Garden, Citywalk Piazza, a hybrid water and air-cooled air-conditioning system and more. Comprehensive promotion and marketing programmes designed to attract both shoppers and tenants are carried out on a regular basis. The occupancy rate of Citywalk was maintained at high level during the year under review. Citywalk received a Gold award in the Best Landscape Award for Private Property Development 2018 by Leisure and Cultural Services Department of The Government of HKSAR.

(6) HIGHLIGHTS OF INVESTMENT PROPERTIES *(Continued)*

Citywalk 2 (Joint Venture)

18 Yeung Uk Road, Tsuen Wan, New Territories

Citywalk 2 is a contemporary three-storey shopping mall with approximately 180,000 square feet of plot ratio area. Both Citywalk 2 and Citywalk are connected by a footbridge and offer customers and local residents a complete spectrum of dynamic shopping, dining and entertainment.

Lee Tung Avenue (Joint Venture)

200 Queen's Road East, Wan Chai, Hong Kong

Lee Tung Avenue is a 200-metre tree-lined pedestrianised boulevard connecting Johnston Road and Queen's Road East in Wan Chai. It is only a few minutes' walk from Wan Chai Station. It was completed in April 2015 and opened in November 2015. It provides a total plot ratio area of approximately 87,720 square feet and houses approximately 50 tenants offering a wide spectrum of business mix including cafes, confectioneries, fine restaurants and brand stores. Among them are Le Creuset and Vivienne Tam. With its history as a centre for producing and selling wedding cards and other items for wedding purposes before the redevelopment, public transport network and existing business surroundings in the area, Lee Tung Avenue has become a popular place for all walks of life. The occupancy of Lee Tung Avenue was at high level during the year under review. Lee Tung Avenue together with the residential part named The Avenue of the entire project received a Merit in the Quality Building Award 2018 under the category of Hong Kong Residential (Multiple Buildings) as well as Gold award in the Best Landscape Award for Private Property Development 2018 by Leisure and Cultural Services Department of The Government of HKSAR.

Mayfair Lane (100% owned)

21 Fo Chun Road, Tai Po, New Territories, Hong Kong

Located in Pak Shek Kok and a mere 5-minute driving distance from University Station, Mayfair Lane is a commercial hub providing a combination of lifestyle offerings and services for residents and the broader Pak Shek Kok neighbourhood. There are a Chinese Restaurant, a café, a beauty salon, a clinic, ATMs and a convenience store to the mix.

(6) HIGHLIGHTS OF INVESTMENT PROPERTIES *(Continued)***Island Resort Mall (45% owned)**

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

With a total of 189,190 square feet of retail area over three levels and supported by abundant parking, Island Resort Mall offers a good consumer choice. The ground floor comprises an air-conditioned public transport interchange. Served by different bus companies with more than 20 routes, it links popular locations across the city and help increase shoppers' flow. The mall features fine retail shopping and the relaxed appeal of a spacious promenade with views of Victoria Harbour. As the Group has 45% equity interest in the project, the floor area attributable to the Group is approximately 85,136 square feet. The occupancy rate of the mall was satisfactory during the year under review.

Coronation Circle (45% owned)

1 Yau Cheung Road, South West Kowloon, Hong Kong

Coronation Circle is the commercial part of the residential development named The Coronation. It is conveniently located in South West Kowloon, close to the West Kowloon terminus of the Express Rail Link which connects the railway systems in China and Hong Kong as well as Yau Ma Tei Station and Austin Station of the Mass Transit Railway. The mall has a total of 86,758 square feet of plot ratio area. As the Group has 45% equity interest in the project, the floor area attributable to the Group is approximately 39,041 square feet. It features fine retail shopping and quality education centres to serve the residents in the region.

Tsim Sha Tsui Centre (45% owned)

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

Tsim Sha Tsui Centre can be conveniently accessed by various transport options. A well-developed public transport network, which includes the Tsim Sha Tsui Station on the Tsuen Wan Line, East Tsim Sha Tsui Station on the West Rail Line and the Tsim Sha Tsui East (Mody Road) bus terminus has helped increase shopper's flow in the area. Tsim Sha Tsui Centre has a total area of approximately 514,020 square feet. Since the Group has 45% equity interest, the floor area attributable to the Group is 231,309 square feet. Located on the seafront of Tsim Sha Tsui East overlooking panoramic views of Hong Kong Island, most of the tenants can enjoy the view of the Victoria Harbour and food and beverage tenants can provide alfresco dining experience. The mall has attracted locals and overseas visitors. The occupancy of the property was at high level during the year under review.

(6) HIGHLIGHTS OF INVESTMENT PROPERTIES *(Continued)*

Hong Kong Pacific Centre (100% owned)

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

Located in the centre of Tsim Sha Tsui's vibrant retail neighbourhood, this commercial development comprises a high-rise office tower and a shopping centre podium with a total area of 219,853 square feet. Most of the shops enjoy extensive street frontage with a heavy pedestrian flow at Hankow Road and from nearby Nathan Road. The building is only a few minutes' walk from Tsim Sha Tsui Station on the Tsuen Wan Line and also in proximity to the East Tsim Sha Tsui Station on the West Rail Line. The property was close to full occupancy during the year under review.

China Hong Kong City (25% owned)

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

China Hong Kong City is a development encompassing a retail mall, offices, a 673-room hotel named The Royal Pacific Hotel & Towers, a public transport interchange as well as a ferry terminal, located on the waterfront of western Tsim Sha Tsui. The gold curtain wall cladding and China Ferry Terminal passenger facilities have led to its recognition as the 'Golden Gateway to China'. The commissioning of the Kowloon Southern Link railway line and the commencement of passenger service of Austin Station have enhanced the accessibility of the area. These factors have made China Hong Kong City a desirable property for businesses, shoppers, business travellers and tourists. Excluding the hotel, China Hong Kong City offers a total of over 1.2 million square feet of area of offices and retail, to which the Group has 25% equity interest. Therefore, the plot ratio area attributable to the Group is approximately 308,308 square feet. The occupancy rates of both office and retail were maintained at high levels during the year under review. China Hong Kong City received a Gold award in the Best Landscape Award for Private Property Development 2018 by Leisure and Cultural Services Department of The Government of HKSAR.

Skyline Tower (50% owned)

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

The development is located next to the Kwun Tong Bypass and provides a total of approximately 824,406 square feet of commercial area with 412,203 square feet attributable to the Group. The building maintained high occupancy during the year under review. The HKSAR Government's plan to develop Kowloon East as new core business district with new transport infrastructure to support the development will be positive to the leasing market.

(6) HIGHLIGHTS OF INVESTMENT PROPERTIES *(Continued)***Futura Plaza (100% owned)**

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

This 26-storey building of a total of 225,396 square feet of plot ratio area is only a few minutes' walk from the Kwun Tong Station. The property has been converted from industrial use to office use. The project was completed in November 2001. Kwun Tong has been going through a significant improvement in terms of its commercial and residential landscape. The Kwun Tong Town Centre Development project is the largest redevelopment initiative ever undertaken by URA. Named Grand Central, the entire project comprises approximately 1,999 residential units, hotel, shopping mall, commercial buildings and a public transport interchange. Combining the HKSAR Government's development programme currently under consultation to enhance the infrastructure of Kowloon East, Kwun Tong, Kowloon Bay and the Old Kai Tak Airport will benefit from this world-class integrated mixed-used development.

Central Plaza (10% owned)

18 Harbour Road, Wan Chai, Hong Kong

Central Plaza has been recognised as one of the tallest buildings in Asia. It is a 78-storey intelligent Grade-A office tower, with panoramic views of the Victoria Harbour. The building has a total of approximately 1.4 million square feet of floor area with 140,000 square feet attributable to the Group. With Hong Kong Convention & Exhibition Centre opposite to it and the well-developed transport network, this office property has attracted many multinational corporate tenants. Occupancy was maintained at high level during the year under review.

The Centrium (70% owned)

60 Wyndham Street, Central, Hong Kong

This Grade-A commercial development is located near the Lan Kwai Fong 'expatriate quarter' and is known for its cosmopolitan lifestyle, entertainment and dining. It provides commercial area with a retail area that complements the lively atmosphere and popular restaurants nearby. The total floor area attributable to the Group is 183,650 square feet. The building maintained high occupancy during the year under review.

(6) HIGHLIGHTS OF INVESTMENT PROPERTIES *(Continued)*

The Hennessy (100% owned)

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

The Hennessy is conveniently located in a vibrant business area near Wan Chai Station, a stone's throw from the Causeway Bay entertainment hub and only minutes from the Central Business District. The building has been designed with full-height windows offering panoramic Victoria Harbour views, a 4.8-metre floor-to-floor height and flexible layout. The first three floors of retail space are encased in a 15-metre glass curtain providing excellent visibility from the street. The aptly named Sky Garden reaches a colossal 6 metre floor-to-floor height. The rooftop floor, with its stunning panoramic views of the harbour and the city, offers a visually spectacular setting for alfresco dining. The building contains a total of 71,862 square feet of commercial area and the occupancy was maintained at high level during the year under review.

148 Electric Road (100% owned)

148 Electric Road, North Point, Hong Kong

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

Pacific Plaza (100% owned)

418 Des Voeux Road West, Hong Kong

Pacific Plaza is situated in the popular Western district near HKU Station and the Western Harbour Tunnel. The building provides approximately 137,414 square feet of office area and a 30,185 square feet of shopping podium. The occupancy rate was maintained at high level during the year under review.

(6) HIGHLIGHTS OF INVESTMENT PROPERTIES *(Continued)***The Staunton (100% owned)**

22 Staunton Street, Central, Hong Kong

The site is situated at the heart of an area with a number of heritage establishments, including a section of the Dr. Sun Yat-sen Historical Trail, the Central Police Station Compound, Man Mo Temple, Wing Lee Street and the original site of the Central School in Hollywood Road. It is also next to the Soho entertainment area, featuring a number of upmarket restaurants, boutiques, café and shops and can be accessed by the Central-Mid-levels escalators. The Occupation Permit for the project was obtained in 2017. This project provides a total of approximately 37,629 square feet of plot ratio area comprising approximately 28,439 square feet of residential plot ratio area in 57 residential units and approximately 9,190 square feet of retail area. Named The Staunton, the project is designated for leasing purposes.

Paloma Cove (100% owned)

8 Ho King Street, Peng Chau, New Territories, Hong Kong

The site of Lot 674 in DD Peng Chau was acquired through a government tender in September 2012. It has a site area of approximately 19,163 square feet. The Occupation Permit for the project was issued in December, 2016 whilst the Certificate of Compliance was obtained in August 2017. Named Paloma Cove, the project provides a total of approximately 14,372 square feet of residential plot ratio area in 10 houses. Paloma Cove is designated for leasing purposes and all units have been leased.

Riverwalk (100% owned)

6 Ngan Kwong Wan Road, Mui Wo, Hong Kong

The Group acquired the site Lot 726 in Demarcation District 4 in Mui Wo, Lantau Island, at a government tender in December 2011. The site has an area of 24,327 square feet and is located next to the Mui Wo section of the Nature Heritage Trail. The Occupation Permit for the project was issued in November 2015 whilst the Certificate of Compliance was obtained in July 2016. Named Riverwalk, the project provides a total of approximately 47,607 square feet of plot ratio area comprising 32,400 square feet of residential area in 50 units and 15,207 square feet of retail area. The project is designated for leasing purposes and it is close to full occupancy.

(6) HIGHLIGHTS OF INVESTMENT PROPERTIES *(Continued)*

Paloma Bay (100% owned)

18 Peng Lei Road, Peng Chau, New Territories, Hong Kong

The site of Lot 676 in Demarcation District Peng Chau was acquired through a government tender in March 2012. It has a site area of 49,127 square feet and will be used for residential development. The Occupation Permit for the project was issued in June 2016 whilst the Certificate of Compliance was obtained in February 2017. Named Paloma Bay, the project affords a total of approximately 36,845 square feet of residential plot ratio area in 54 units. It is designated for leasing purposes and all units have been leased.

One Fullerton (100% owned)

1 Fullerton Road, Singapore

Developed in 2001, the site is situated adjacent to Merlion Park across from The Fullerton Hotel Singapore. It has been developed into a modern two-storey building providing over 80,000 square feet of commercial area. Named One Fullerton, it houses some of Singapore's best restaurants, bars and entertainment concepts, from Michelin-star restaurants to chic cafes and fine-dining alfresco restaurants serving cuisines from around the globe, paired with panoramic views of the Marina Bay. One Fullerton is connected with The Fullerton Hotel Singapore by an underpass. It is also a well-placed vantage point for the Formula One Grand Prix circuit in Singapore.

The Fullerton Waterboat House (100% owned)

3 Fullerton Road, Singapore

The Fullerton Waterboat House is a historic landmark that was formerly a dockyard where vessels refilled potable water. It was built in the 1940s and acquired by the Group in May 2002. The property has a total of 21,743 square feet of area.

Customs House (100% owned)

70 Collyer Quay, Singapore

Customs House, also part of The Fullerton Heritage, is a two-storey heritage building with a total floor area of approximately 14,800 square feet. It is located in Marina Bay, Singapore's Central Business District, arts, culture, and heritage waterfront area. Built in the '60s, Customs House was formerly home to the Customs Police. The building commands direct waterfront views of Marina Bay, and is now a dining destination with several chic restaurants. The project was completed in February 2010.

(6) HIGHLIGHTS OF INVESTMENT PROPERTIES *(Continued)***The Fullerton Pavilion (100% owned)**

82 Collyer Quay, Singapore

An addition to The Fullerton Heritage that was completed in May 2012, The Fullerton Pavilion is a first-of-its-kind floating dome-shaped structure set on the waters of Marina Bay between One Fullerton and Clifford Pier. It features views of the bay, and the internal area of close to 4,500 square feet is leased to a leading restaurant.

Sino International Plaza, Fuzhou, PRC (100% owned)

137 Wusi Road, Fuzhou, PRC

Sino International Plaza is located in the central business district of Fuzhou city, the capital city of Fujian Province. Conveniently accessible through an extensive transport network, the development is in a desirable location for local and multinational firms. A number of local attractions, namely West Lake Park and Fujian Museum are also within the catchment area. The development, which provides approximately 493,177 square feet of commercial area, features environmentally friendly architectural characteristics. The project achieved high occupancy during the year under review.

Raffles City Shanghai (22.4% owned)

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

Jointly developed by several international property developers, this commercial building comprising prime office tower and a shopping mall is located in the central business area of Huangpu District and surrounded by boutique shops that attract heavy pedestrian flows. The project was completed in October 2003, yielding a total of approximately 1.3 million square feet of floor area with approximately 0.3 million square feet attributable to the Group. The building enjoyed high occupancy during the year under review.

(7) HOTELS

The Fullerton Hotel Singapore (100% owned)

1 Fullerton Square, Singapore

Characterised by its unique heritage architecture with distinguished Doric columns and monumental porte cocheres, the Fullerton Building represents the height of Palladian architecture in Singapore and was unveiled in 1928. The Fullerton Building underwent a major makeover and was transformed into a prestigious, 5-star hotel with 400 guest rooms and suites. Named The Fullerton Hotel Singapore, it officially opened on 1st January, 2001.

The Fullerton Building, which houses The Fullerton Hotel Singapore, was gazetted as Singapore's 71st National Monument on 7th December, 2015, signifying the highest form of preservation and national recognition, serving as a timely reflection on the trail history had left on Singapore's landscape. Located at the waterfront with views of the Marina Bay, the hotel is well situated in the heart of the Singapore's Financial and Business District. The hotel is linked by an underpass to adjacent commercial developments, namely One Fullerton, Clifford Pier, The Fullerton Bay Hotel Singapore, Customs House, The Fullerton Pavilion and offices. With its prime location and comprehensive facilities including a spa, the hotel is ideal for both business and leisure travellers.

The Fullerton Hotel Singapore received a number of awards from respected organisations and magazines in recognition of its standards of service during the financial year 2018/2019. These awards included (i) Top 10 Hotels in Singapore for DestinAsian Readers' Choice Awards, (ii) Forbes Travel Guide Awards, (iii) #1 in Asia on Worldwide Reader Poll for Best in Travel 2019 Best Conference Hotels.

The hotel has previously received a number of awards in recognition of its quality of service as well as its architectural design and interior concepts. These awards included Awards of Excellence by Urban Land Institute (2004), FIABCI Prix d'Excellence under the Leisure Category Winner (2003), Urban Redevelopment Authority Architectural Heritage Award 2001 and The Singapore Institute of Architects Architectural Design Award 2001 (Conservation Category).

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

80 Collyer Quay, Singapore

Introduced in July 2010, The Fullerton Bay Hotel Singapore is exclusively built on the waters of Marina Bay – Singapore's latest focal destination for both business and leisure. At its prime waterfront location, the Central Business District, the new Marina Bay Financial District and key attractions like the Merlion Park, Gardens by the Bay, Esplanade-Theatres on the Bay, Boat Quay and the Singapore Flyer are all located within close proximity. The hotel features attractive architecture and sophisticated décor that combine contemporary style and Singapore's illustrious seafaring history. Each of its 100 guest rooms further impresses with panoramic views of the vibrant Singapore skyline through full-length windows and private balconies or sun decks. Overlooking the city's landmarks from the privacy of the guestroom, guests are treated to natural light and a sense of destination. The hotel's culinary experiences include the signature restaurants of The Clifford Pier, The Landing Point, La Brasserie and Lantern. The Art Deco inspired Clifford Pier is named after Sir Hugh Charles Clifford, Governor of the Straits Settlements (1927 to 1929). The pier was first opened on 3rd June, 1933. It is defined by its notable architecture as a quintessential column-free Victorian wrought-iron pier. Clifford Pier is a celebrated historic landmark and was the key landing point for visitors and immigrants arriving by ships in the early days of Singapore. A part of The Fullerton Heritage, it was opened in December 2008. The revitalised pier has kept its original architectural characteristics and charm, and it commands the panorama of the Marina Bay developments. The pier affords over 10,000 square feet of commercial space. It was closed for refurbishment in January 2014 and re-opened for business in May 2014. The pier is now operating as a restaurant under The Fullerton Bay Hotel Singapore and has been named The Clifford Pier in honour of the landmark's legacy. The restaurant has recently conferred the Her World Bridges Venue Awards (2018).

REVIEW OF OPERATIONS *(Continued)*

(7) HOTELS *(Continued)*

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

Set amidst the skyline of the Marina Bay waterfront, the newly refurbished La Brasserie is illuminated by 33-foot high floor-to-ceiling windows overlooking the sparkling waters of the bay. The restaurant retains the spirit of the seafarers as it embodies waterfront destination dining. Furnished with layers of theatrical salons and with splendid views of Marina Bay, La Brasserie sets to redefine destination dining by the bay with personalized service.

The Landing Point is positioned alongside an indoor promenade paved in bespoke marble mosaics. With a 43-foot long bar and spacious outdoor terrace, The Landing Point is designed to attract the sophisticated chic. Lantern is a stylish rooftop bar, surrounding the hotel's 82-foot rooftop swimming pool, where guests can enjoy sweeping views of the Marina Bay waterfront and the Singapore skyline.

The Fullerton Bay Hotel Singapore received a number of awards from respected organisations and magazines in recognition of its standards of service during the financial year 2018/2019. These awards included (i) Forbes Travel Guide 2019, (ii) Top Ten Hotels in Singapore for DestinAsian Readers' Choice Awards, (iii) #1 Hotel in Singapore for TripAdvisor Travellers' Choice, (iv) Top Ten Hotels in Singapore for Conde Nast Traveller Readers' Choice Awards; (v) Best Boutique Hotel in Asia-Pacific for Business Traveller Awards.

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

Pacific Place, 88 Queensway, Hong Kong

This five-star, international-class hotel is located above a major shopping and entertainment complex on Hong Kong Island and is managed by a renowned international hotel operator. Its good location and high standard of service have placed Conrad Hong Kong among the most favoured hotels in the region. In recognition of its quality of service, Conrad Hong Kong and its restaurants received a number of awards from respected organisations and magazines during the financial year 2018/2019. These awards included (i) 2019 Forbes Travel Guide Four-Star Award, (ii) Guest Review Awards 2018 by Booking.com, (iii) Best Restaurants 2019 by Hong Kong Tatler Dining for Brasserie on the Eighth, Golden Leaf and Nicholini's, (iv) Top 10 Hotels for Readers Choice Award 2019 by DestinAsian Hong Kong, (v) Asia's Top Business Hotel by Now Travel Asia Awards 2018-2019, (vi) 2018 Best Business Hotels by Travel & Leisure (China), (vii) Certificates of Excellence 2019 by TripAdvisor and (viii) Top 25 Conference Hotel in Asia by Smart Travel Asia 2019.

The Westin Sydney (50% owned)

1 Martin Place, Sydney, New South Wales 2000, Australia

The Group acquired The Westin Sydney in July 2015. Located in the heart of Sydney's fashion and financial district, The Westin Sydney is a 5-star deluxe hotel with a total of 416 guest rooms and extensive conferencing facilities. The property is complemented by a large prime retail podium with its unparalleled location fronting Martin Place, George and Pitt Streets. Part of the redevelopment of Sydney's historic General Post Office on Martin Place, The Westin Sydney is surrounded by Sydney's most exclusive designer shopping, best restaurants and theatres, and is close to Sydney attractions such as Darling Harbour, the Sydney Opera House and the Sydney Harbour Bridge. The Westin Sydney received a number of awards from respected organisations and magazines in recognition of its standards of service during the financial year 2018/2019. These awards included (i) Top 50 Hotels in Australia by Gourmet Traveller 2018 and (ii) Top 50 Meeting Hotels in the Asia Pacific by Cvent 2019. The Westin Sydney will undergo a brand conversion and open as The Fullerton Hotel Sydney on 18th October, 2019.

REVIEW OF OPERATIONS *(Continued)*

(7) HOTELS *(Continued)*

The Olympian Hong Kong (100% owned)

18 Hoi Fai Road, West Kowloon, Hong Kong

The Olympian Hong Kong hotel is situated on the waterfront of West Kowloon and only a few minutes' walk from the shopping mall of Olympian City 1. With a total of approximately 43,759 square feet of plot ratio area, the hotel provides a total of 32 guest rooms and suites which range from 463-square-foot Deluxe Olympian Room to 807-square-foot Olympian Suite, a private lounge and a 24-hour operated gymnasium. All guest rooms feature 10.8-foot ceiling height and floor-to-ceiling windows to maximise the view over Victoria Harbour or Hong Kong's skyline. It commenced operations in March 2016. The hotel has received accolades namely (i) Certificate of Excellence 2017 – 2019 by TripAdvisor, (ii) Luxury Contemporary Hotel 2018 (Hong Kong) by World Luxury Hotel Awards, (iii) Best Bespoke Luxury Boutique Hotel 2018 (Hong Kong) & LUX Guest Services Gold Standard Award 2018 by LUX Magazine's Hotel & Spa Awards, (iv) Asia's Best City Explorer Award 2018 by Boutique Hotel Awards and (v) Recommended Hotel in Louis Vuitton City Guide Hong Kong 2017.

(8) CORPORATE AFFAIRS

The Group affirms its commitment to maintaining a high degree of corporate transparency and communicating regularly with banks, research analysts and investors. The Corporate Finance Department disseminates information about the Group's latest developments through various channels, including meetings with investors, fund managers and analysts, investor conferences, site visits, results briefings and the www.sino.com website. During the financial year 2018/2019, the Group participated in a total of 14 investor conferences and 9 non-deal roadshows reaching out fund managers and investment advisors based in the cities, namely Hong Kong, New York, London, Singapore, Beijing and Shanghai. In addition to the meetings in the investor conferences, we had approximately 40 individual one-on-one or group meetings with investors and property analysts.

During the financial year, the Group received the 'Corporate Governance Asia 9th Asian Excellence Award 2019' from Corporate Governance Asia magazine.

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

REVIEW OF OPERATIONS *(Continued)*

(8) CORPORATE AFFAIRS *(Continued)*

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

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

(9) EMPLOYEE PROGRAMMES

As at 30th June, 2019, the Group employed approximately 6,950 full-time employees.

In line with the Group's mission of being the "Preferred Choice for Customers, Investors and Employees", we have established policies and offered a wide range of programmes to ensure that employees are given growth opportunities and provided with a rewarding career. The Group also seeks to retain talents through competitive employment packages, pay for performance reward schemes, together with a caring, respectful and supportive work environment. Employee engagement and employee development are always placed on top of the corporate agenda.

Employee Engagement

The Group strongly believes that employee engagement is critical to organisational success and therefore a high priority is placed to ensure that two-way open communication between management and employees are in place. Different forms of communication channels such as "Corporate Town Hall Meeting", "Mini-Town Hall Meeting", "Staff Communication Meeting", "Staff Suggestion Scheme", regular site visits and company newsletters have been deployed to promote open communication and listen to the views of our employees.

In 2019, "Sinovation Programme" was launched to provide a platform to engage employees in raising and implementing innovation ideas and solutions to enhance work performance, efficiency and customer service quality.



The Group helps employees grow professionally and serve customers better. We provide in-house training in personal effectiveness, leadership development, project management, professional knowledge, corporate governance and language proficiency. During the financial year 2018/2019, approximately 78,000 training hours were provided.

(9) EMPLOYEE PROGRAMMES *(Continued)*

Employee Engagement *(Continued)*

In recognition of the continuous commitment in creating a favorable working environment and engaging its employees, the Group was awarded the “Employer of Choice Award 2018” by JobMarket. Besides, the Group was also awarded the “2017/2018 Family-Friendly Employers” by Family Council and “Happy Company” by Hong Kong Productivity Council in recognition of its continuous efforts in introducing family caring initiatives and commitment in building a happy workplace culture.

As a caring employer, regular recreational and welfare facilities and activities have been arranged for employees to enjoy with their family members which included holiday houses, company-sponsored local tours, movie nights, interest classes, hiking, children’s Christmas party, etc. Activities held during the financial year 2018/2019 were well-received with participant attendance figure over 6,000. The Group also implemented family-friendly practices such as birthday laisee, birthday leave, parental leave, employee children education scholarship and bursary, financial assistance for special need education, textbook subsidy and employee children summer internship to extend our care and support to family members of our employees.

Employee Learning and Development

The Group fosters a continuous learning culture and provides comprehensive training and development programmes to meet employees’ training and career development needs. The Group also sets aside budget for external education and training sponsorship to support employees’ career development.

During financial year 2018/2019, approximately 78,000 training hours were provided to employees within the Group. Training focus covered personal effectiveness, management skills, leadership capability, professional knowledge, computer and language proficiency. The Group’s well-established training “Academies” aim to help employees develop functional and professional expertise and provide quality customer service. The “Academies” offer comprehensive training with more than 120 courses covering customer service, property management, leasing operation, building maintenance, security service, clubhouse management, environmental conservation, cleaning services, and car park operation.



The Group received the ‘Excellent Learning and Development Award’ at the HR Excellence Awards 2017/18 organised by the Hong Kong Institute of Human Resource Management. The award recognises the Group’s efforts in designing and implementing unique learning and development strategies.

REVIEW OF OPERATIONS *(Continued)*

(9) EMPLOYEE PROGRAMMES *(Continued)*

Employee Learning and Development *(Continued)*

It is the Group's policy that all employees, in particular those in frontline positions, must uphold meticulous standards of customer service. The Group continues to channel effort into enhancing customer service standards through training. Over 250 frontline supervisors have been trained and qualified as site trainer through STAR Service Train-the-Trainer programme delivering STAR Service training to frontline staff on a regular basis. To enrich learning flexibility, eLearning mode of training has been adopted and development of eLearning training has commenced.

Leadership and Management Development

Executive and leadership development programmes were organised regularly. Apart from existing training curriculum to strengthen middle to senior managers' leadership competency aligning with company's operation focus and direction, senior leaders are sponsored to join various reputable external courses to broaden their business and leadership perspective. Leadership development programmes are designed to support development of specific groups. Experts from different fields and professions were invited to give seminars and management talks to our executives sharing current market trends and business insights.

Talent Management

The Group has taken considerable steps to strengthen its leadership pipeline to support the continuous business development in Hong Kong and Mainland China. In addition to recruiting top-tier graduates from local universities to join our Corporate Management Trainee Programme and Engineer Trainee Programme, the Group has expanded the talent base by encouraging graduates from prestigious Mainland China and overseas universities to join the Group's Corporate Management Trainee Programme. The Group also collaborates with renowned universities such as Tsinghua University, Yale University and Columbia University and other education institutions to sponsor students for internship in our company. In 2019, the Group continued to participate in the "Scheme on Corporate Summer Internship on the Mainland and Overseas" initiated by HKSAR Government by providing internship opportunities in mainland and Singapore for young talents. All these provide opportunity for young talents to experience working in different functions and understand various businesses of the Group. This also supports continuous growth and success of the Group by creating a pipeline of potential candidates.



The Group provides concrete on-the-job training through the Corporate Management Trainee Programme and the Engineer Trainee Programme.

(10) SINO PROPERTY SERVICES

The Group's fully integrated property management service is provided by Sino Property Services (SPS) which consists of four companies, namely Sino Estates Management Limited (SEML), Sino Security Services Limited (SSSL), Best Result Environmental Services Limited (BRESL) and Sino Parking Services Limited (SPSL). Each of these companies has its own functions. SPS is set up to complement the Group's property development and investment businesses. SPS currently manages 195 projects with an aggregate floor area of 55.5 million square feet.

Property Management Service

By providing property management services, the Group not only manages property assets, but also gains an opportunity to better serve customers, tenants and residents. SPS is an important channel that allows the Group to communicate with customers and receive feedback from them. This two-way communication channel spans daily observations, feedback from various sources, daily personal contact, regular inspections, mystery shopper reports and customer satisfaction surveys. From this, continual operational improvements can be made to bridge the gap between the Group's offerings and customer expectations. Delivering high-quality customer services is one of the Group's key business objectives. To achieve this objective, a quality recruitment process has been developed to select the right candidate for the right career. The Group cultivates a working environment that builds the sense of belonging and enables employees to work efficiently. Other initiatives that allow the Group to serve customers better include formal in-house training to enable staff to update and strengthen their skill set, a mentoring and coaching programme, efficient internal communications to ensure messages and experience sharing reaches all staff levels, and building a culture of teamwork and performance driven attitudes. SPS has launched a Quality Improvement Champion taskforce, focusing on involving staff members from different departments and background and soliciting their ideas to further enhance quality services. Regular and thorough hardware checks are a must for effective property management and maintenance. Monitoring the maintenance process undertaken by contractors and staff, efficient supply chain processes, efficient time management, effective process control and keeping close track of maintenance history are important to ensure the smooth running of daily operations and to optimise efficiency. SPS will continue to proactively make improvements in its quality of service with the aim to enhance both customer satisfaction and the value of the Group's properties.



Forty-two properties of Sino Property Services were recognised at the 'Excellence in Facility Management Award 2018' organised by the Hong Kong Institute of Facility Management for the continuous efforts in promoting facility management.

REVIEW OF OPERATIONS *(Continued)*

(10) SINO PROPERTY SERVICES *(Continued)*

Property Management Service *(Continued)*

Our efforts in quality services are recognised by the public. In recognition of our continuous improvement and innovation in customer services, 38 projects including The Johnston Suites, The Staunton Suites, Hong Kong Gold Coast, One SilverSea, Pacific Palisades, The Avenue, The Coronation, The Hermitage, Vision City, Bowen's Lookout, One Mayfair, Park Metropolitan, The Camphora, The Humphreys, Three Bays, 148 Electric Road, Futura Plaza, Ginza Square, Hong Kong Pacific Centre, Kwun Tong Harbour Plaza, Ocean Building, One Capital Place, Shatin Galleria, Sino Plaza, Skyline Tower, Corporation Park, Kowloon Plaza, Metro Centre II, Parklane Centre, Sunley Centre, Westin Centre, China Hong Kong City, Citywalk, Citywalk2, Golden Plaza, Tuen Mun Town Plaza Phase 1 (Shopping Arcade), Tuen Mun Town Plaza Phase 2 (Shopping Arcade) and Waterside Plaza Shopping Arcade won the Excellence Awards at the Excellence in Facility Management Award 2018 organised by The Hong Kong Institute of Facility Management in various categories. Dynasty Heights, Grand Palisades, Mayfair by the Sea I & II and The Avery received Merit Awards whereas 5 projects including Sino Plaza (Gold Award), The Humphreys (Gold Award), One Capital Place (Bronze Award), The Staunton Suites (Bronze Award) and Pacific Palisades (Merit Award) won the FM People Awards at the same competition in various categories. Citywalk won the Grand Award (Shopping Centre Management) at Quality Property & Facility Management Award 2018 jointly organised by The Hong Kong Association of Property Management Companies and The Hong Kong Institute of Surveyors. Exchange Tower, Hong Kong Pacific Centre and The Avenue received Excellence Awards in the categories of International Innovative Strategic Management, Office Building Management – Small- & Medium-Scale Office Building and Medium-Scale Residential Property Management respectively at the same competition while Skyline Tower received Merit Award (Office Building Management – Large-Scale Office Building). During the reporting period, 60 managed properties, 18 managed carparks and 314 security guards won a total of 392 awards from the Hong Kong Police Force's various Regional Crime Prevention Offices and District Fight Crime Committees in recognising our quality security services and outstanding performance in crime prevention as well as outstanding property and car parks management.



During the reporting period, 60 managed properties, 18 managed car parks and 314 security guards won a total of 392 awards from the Hong Kong Police Force's various Regional Crime Prevention Offices and District Fight Crime Committees, recognising our efforts in security services, crime prevention as well as property and car parks management.

(10) SINO PROPERTY SERVICES *(Continued)*

Property Management Service *(Continued)*

SPS's continuous involvement in Corporate Social Responsibilities (CSR) has also been recognised by the industry. Tuen Mun Town Plaza Phase 1 (Shopping Arcade) received the Most Innovative Award and Merit Award for Inclusive Environment at the 2018 Inclusive Environment Recognition Scheme jointly organised by The Hong Kong Joint Council for People with Disabilities and The Hong Kong Council of Social Service. Under the Caring Company Scheme by The Hong Kong Council of Social Service, SEML achieved the 15 Years Plus Caring Company Logo while SSSL, SPSL, BRESL, China Hong Kong City, tmtplaza, Regentville Shopping Mall received the 10 Years Plus Caring Company Logo. Avon Mall, Citywalk, Citywalk 2, Gold Coast Piazza, Island Resort Mall, Olympian City were given the 5 Years Plus Caring Company Logo. The Waterside Shopping Arcade and Skyline Tower also received the Caring Company Logo 2018/19. SPS is committed in creating a happy working environment for staff. During the reporting period, SEML, SSSL, SPSL, BRESL together with 77 managed properties received the Happy Company Label under the 2019 Happiness-at-Work Promotional Scheme initiated by the Promoting Happiness Index Foundation. With continuous efforts in improving service quality as well as enhancing the efficiency of work process, SEML, SSSL, SPSL and BRESL received different certifications, including ISO9001 (Quality), ISO14001 (Environmental), ISO10002 (Complaints Handling) and OHSAS18001 (Occupational Health and Safety) Management Systems Certifications as well as Hygiene Control System Certification.

Training

Property management is a human capital intensive business. Employees are the Group's most important assets. Managing and maintaining a portfolio of properties requires stringent regular controls, close communications, an efficient internal operation workflow system and an effective internal database. All these are executed by human interaction. Training and good communication systems are vital to ensure staff can deliver the required standards of service, adapt to the latest changes in the working environment, and upgrade their skill set, productivity and efficiency. Training and good communications also encourage staff to raise their value and increase their contributions to the Group, enhance job satisfaction and help ensure staff mindsets, attitudes and skill sets aligned with the interests of the Group. These all contribute to a knowledge-based management.

(10) SINO PROPERTY SERVICES *(Continued)***Training** *(Continued)*

SPS has 11 academies designed to meet customer needs and expectations. Property management focused academies are Sino Property Management Academy, Sino Maintenance Academy, Sino Security Academy, Sino Cleaning Academy, Sino Carpark Academy, Sino Safety Academy and Sino Clubhouse Academy. Service focused academies are Sino Star Service Academy and Sino Language Academy. Sino Green Academy and Sino Landscape Academy are formed to promote green living. These academies aim at enhancing knowledge, skill and attitude for all our employees, ranging from professional property managers to frontline cleaners and security guards. Three Module Certificate Courses of SPS Academies have been recognised by the Government's Qualifications Framework: Supervisory Skills for Property Management (Level 3), Star Service (Level 2) and Clubhouse Management (Level 2). In recognition of our commitment in providing quality security services training, SSSL was granted 8 Gold Awards in the category of Licensed Security Company – Type 1 while SPSL also received 2 Gold Awards in the same category at the 2018 Security Services Best Training Award jointly organised by the Vocational Training Council and the Hong Kong Police Force Crime Prevention Bureau.

Safety Management

Establishing and maintaining a safe working environment is of paramount importance for SPS to increase productivity and efficiency. As a socially responsible corporation, SPS reviews and analyses working procedures and operations from time to time with the objective of maintaining a safe workplace. Safety precaution measures are also implemented for events and activities held in the premises where SPS manages. In addition to procedures and measures, training is also important for staff to build their mindsets and habits to pursue safety standards. SPS has been recognised and authorised by the Labour Department to run the Mandatory Basic Safety Training Courses (Construction Work) "Green Card" and the Safety Training Course for Competent Persons of Confined Spaces Operation and endorse related professional qualifications for the staff that have completed the courses. Since 2008, 5,890 staff members have completed the Green Card Training Course and 602 staff members have completed the Safety Training Course for Competent Persons of Confined Spaces Operation.

(10) SINO PROPERTY SERVICES *(Continued)*

Safety Management *(Continued)*

SPS's commitment to providing a safe working and living environment to employees, customers and other stakeholders is also well recognised. At the 6th Best Property Safety Management Award, Exchange Tower was conferred Gold Award – Best Safety Enhancement Programme and Silver Award – Best Presentation Award whereas One SilverSea won Merit Award – Best Property Management Award in Occupational Safety and Health. Skyline Tower achieved Bronze Award – Safety Culture Award while The Hermitage and Argyle Centre Phase I received Merit Award – Safety Culture Award. Citywalk and The Avenue received Safety Performance Award – SMEs at the 17th Hong Kong Occupational Safety and Health Award. All these awards were organised by the Occupational Safety and Health Council. SEML – Hong Kong Island District (WOB) Team won the 1st Runner-up – Occupational Safety and Health Council Shield in the Union/Organisation Category at the Safety Quiz 2018 jointly organised by the Occupational Safety and Health Council and Labour Department.

Environmental Protection

SPS recognises its role in promoting environmental protection. In June 2019, Sino Property Services celebrated the 10th anniversary of Mission Green Thumb. Mission Green Thumb is a seedling adoption scheme and the second programme under the 'Mission Green' series, collaborated with Hong Chi Association. The multifaceted programme combines gardening, social inclusion and community engagement. Tenants can adopt and name the seedlings tended by Hong Chi Association, bringing them closer to the less privileged. Sales proceeds, without deduction of costs, are pledged to Hong Chi Association to support gardening training with the objective of enabling them to take up gainful employment opportunities in the open market. Twelve Hong Chi Association trainees have participated in the programme and half of them have found jobs in the open market, demonstrating the significance of this meaningful initiative.



Food waste management schemes have been implemented at residential developments, shopping malls, office and industrial properties managed by the Group. Olympian City is the first shopping mall in Hong Kong to install a high-efficiency food decomposer, which has a capacity of 500 kg per day and 99.8% of food waste can be decomposed.

(10) SINO PROPERTY SERVICES *(Continued)***Environmental Protection** *(Continued)*

From the property management perspective, environmental protection initiatives can be applied in several main areas of the daily operations. These include treatment of used materials or waste; reduction of waste; use of sustainable materials, use of recycled materials, reduction of greenhouse gases (GHGs) or carbon audit and footprints; conservation of nature and landscaping. Initiatives can be extended to raise the awareness of the residents and customers as well as to educate the young generation to be more cautious on protecting the nature and environment. SPS supports building a sustainable environment in Hong Kong. Energy saving is also one of the main areas that can contribute to the reduction of fuel consumption thereby reducing carbon emission, and much attention has been paid to minimising power consumption in the areas of lighting, electrical appliances and equipment, air-conditioning as well as lifts and escalators. During the reporting period, SPS installed over 1,800 photovoltaic panels on building roofs and podiums, generating total rated power of more than 590kW.

During the reporting period, SPS continued to support the "Energy Saving Charter" jointly initiated by the Environment Bureau and the Electrical and Mechanical Services Department, with 60 residential buildings, 31 shopping malls, 35 office/commercial/industrial buildings participated. In addition, there were 14 shopping malls, 8 residential buildings and 11 office/commercial/industrial buildings pledged to participate in the "4Ts Charter". In recognition of our efforts in energy saving, SPS was awarded at the Charter on External Lighting Award Ceremony organised by the Environment Bureau with 82 managed properties (68 Platinum Awards and 14 Gold Awards) included.

In response to the trend towards electric vehicles, SPSL has provided support for installing over 400 electric vehicle chargers at more than 50 flagship car parks and this project will be reviewed and expanded to cover more car parks with more advance charging facilities.

(10) SINO PROPERTY SERVICES *(Continued)*

Environmental Protection *(Continued)*



Exchange Tower won the Gold Award (Property Management – Commercial & Industrial) and Young Green Pioneer Award in the 2018 Hong Kong Awards for Environmental Excellence jointly organised by the Environmental Campaign Committee and the Environmental Protection Department. Citywalk and Skyline Tower received Merit Award in the Property Management – Commercial & Industrial category whereas Pacific Palisades achieved Merit Award in the Property Management – Residential category at the same competition.

SEML received a number of awards in recognition of its efforts in environmental protection. Exchange Tower won the Gold Award (Property Management – Commercial & Industrial) and Young Green Pioneer Award in the 2018 Hong Kong Awards for Environmental Excellence jointly organised by the Environmental Campaign Committee and the Environmental Protection Department. Citywalk and Skyline Tower received Merit Award in the Property Management – Commercial & Industrial category whereas Pacific Palisades achieved Merit Award in the Property Management – Residential category at the same competition. SEML won the 1st runner-up of 25km Property Management Cup at the 26th Green Power Hike organised by Green Power. SEML received 2nd Runner-up in the Biggest Units Saver Award – Property Management category at Power Smart Energy Saving Contest 2017/18 organised by Friends of the Earth (HK) and won the Joint Energy Saving Award and Peak Demand Management Outstanding Award at the Smart Energy Award 2018 organised by CLP Power Hong Kong Limited.

In regards to the achievement on excellence in greening, Perfect Green Supplies Company Limited (Perfect Green) received Certificate of Excellence – Sustainable Product Supplier at the Sustainable Product Supplier Award organised by Business Environment Council.

To support minimising waste at source, SPS has implemented food waste management programme in residential properties, shopping malls, office and industrial buildings including Pacific Palisades, Olympian City, Tuen Mun Town Plaza (Shopping Arcade), Island Resort Mall, Citywalk, Citywalk 2, Exchange Tower, Skyline Tower (including SPS Headquarters Office), The Coronation, The Hermitage, Sino International Plaza, Fuzhou and Tsim Sha Tsui Centre (Sino Headquarters Office) as well as for the government sector and NGO.

BRESL and its wholly-owned subsidiary Perfect Green provide one stop waste recycling solutions to properties managed by SPS. In addition to the collection of general recyclables and food waste, BRESL and Perfect Green have registered as one of the collectors under the “Waste Cooking Oils” Recycling Administrative Registration Scheme by the Environmental Protection Department. This has further strengthened their competitive edge in providing professional waste recycling services.

REVIEW OF OPERATIONS *(Continued)*

(10) SINO PROPERTY SERVICES *(Continued)*

Business Development Highlights

As part of its continuous business strategy, SSSL diversifies its business by obtaining a Type III Security Company license which allows the company to install and repair security devices and/or to design a security system incorporating a security device. SSSL has completed many projects for provision and installation of security system in residential estates, serviced apartments, hotels, commercial buildings and malls. To further expand the business portfolio in security solutions, SSSL has started operation of its Central Alarm Monitoring Station and launched CCTV and burglar alarm monitoring services since January 2019. SPSL is making steady progress in developing and implementing their in-house car park control system, jointly with The Hong Kong Polytechnic University. Currently, the system has been deployed in over 50 car parks. As one of the market leaders, SPSL has introduced Android and iOS parking apps which provide real-time parking vacancy data and parking navigation services, etc., for customers to locate parking spaces easily and therefore enhance their parking experience. To support the smart city development in Hong Kong, SPSL has joined the “Smart City @Kowloon East – Smart Parking Mobile App” and the “TW Smart Parking” mobile app schemes launched by Energizing Kowloon East Office and Urban Renewal Authority respectively by providing the real-time parking vacancy data and other parking information in their mobile apps. During the reporting period, SEML was awarded a few new contracts, including Golden Centre in Sheung Wan, Carpark 4 Expansion Building and the Airport Community Centre in Hong Kong International Airport and New Shun Hing Centre in Kwai Chung, to provide facility management services. In order to expand the specialist cleaning services, BRESL purchased a truck mounted with aerial work platform to provide high level cleaning and external wall cleaning. The truck has been in operation since April 2019.

(11) CORPORATE SOCIAL RESPONSIBILITY

As a committed corporate citizen, the Group has been actively participating in a wide range of community programmes, volunteer services, green initiatives, arts and cultural events and staff engagement activities. In recognition of its continuous efforts in promoting sustainability and upholding high standards in environmental, social and corporate governance aspects, Sino Land has been selected as a constituent company of the Hang Seng Corporate Sustainability Index since September 2012.

During the financial year 2018/2019, the Group published Sustainability Review 2018, prepared in accordance with Hong Kong Exchanges and Clearing Limited's 'Environmental, Social and Governance Reporting Guide' under Appendix 27 to the Main Board Listing Rules. This is the Group's eighth annual Sustainability Review, demonstrating the commitment to engaging stakeholders to build a more sustainable future.

Community Engagement

'Sino Caring Friends', the Group's volunteer team, was formed in 2008 to encourage staff to serve the community and care for those in need. To further promote the volunteering culture and to recognise staff's support, 'Volunteer Incentive Scheme' and Volunteer Service Leave' were initiated in 2011. Staff members are encouraged to join volunteer services during office hours for at least one day in a year. The Group's total hours of volunteer service of the financial year 2018/2019 were approximately 151,320 hours.

Helping the underprivileged is one of the foci of the Group's community efforts. 'Sino Home Visit Programme' was launched in June 2011 and has since served over 5,200 families in Sham Shui Po, Tai Kok Tsui, Kwai Chung, Tsuen Wan, Kwun Tong, Tsz Wan Shan, Shatin and Wong Tai Sin, in collaboration with various community partners.

In 2018, the Group launched the umbrella community programme, 'Community Care Project'. Through this umbrella programme, in partnership with Hong Kong Young Women's Christian Association Sham Shui Po Integrated Social Service Centre and Tung Wah Group of Hospitals Jockey Club Tai Kok Tsui Integrated Services Centre, 'Sino Caring Friends' and underprivileged children have the opportunity to deepen their understanding of community services while promoting inter-generational harmony through workshops and community services.



In 2018, the Group launched the umbrella community programme, 'Community Care Project'. Through the programme, children from underprivileged families have the opportunity to deepen their understanding of community services while promoting inter-generational harmony.

(11) CORPORATE SOCIAL RESPONSIBILITY *(Continued)***Community Engagement** *(Continued)*

During the financial year, 15 modules of trainings and volunteer services were completed. Some 130 'Sino Caring Friends' and young volunteers have served some 300 families in Sham Shui Po and Shatin through festive home visits and monthly elderly home visits, bringing care and encouragement to underprivileged families, the elderly living alone and at homes for the elderly. In addition, to celebrate the six-year partnership with Ho Shing Home for the Elderly (Sponsored by Sik Sik Yuen) in 2019, two outing activities were staged, namely the CNY celebration activity and 'Ocean Park Hong Kong Fun Day'.

To further promote social integration and access to outdoor recreation for wheelchair users and those with special needs, the Group has donated 20 Waterwheels® to four local NGOs, namely Hong Kong Red Cross, the Hong Kong Society for Rehabilitation, Direction Association for the Handicapped and Sik Sik Yuen Social Services. Ten wheelchair users from the four NGOs joined the Sino Group Waterwheel® Launching Ceremony on 27th October, 2018 at Hong Kong Gold Coast Hotel/Golden Beach, and enjoyed the water fun with 'Sino Caring Friends'.

Nurturing young generations is another focus of our CSR efforts. The Group initiated 'Go Code' project in 2014 to provide free coding classes for children from underprivileged families to learn this essential skill of the technology era. With over 4,600 placements, some 2,000 students from over 200 schools have joined the programme since launch. Over 26,000 hours of free STEAM ('Science, Technology, Education, Art and Mathematics') courses have been delivered since launch.



To enable the physically challenged to experience water fun just like the rest of our community, the Group has donated 20 WaterWheels® to four local NGOs so that wheelchair users can enjoy beach experiences with the support of the volunteers.

(11) CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Community Engagement *(Continued)*



The Hong Kong Innovation Foundation was founded in March 2018 by the Ng Family, the major shareholder of the Group. The not-for-profit organisation seeks to provide a holistic innovation eco-system and to build a better community together by collaborating with industry players, innovators, the academia and like-minded partners. Taking a holistic approach, the HKIF serves diverse sectors from young pupils to entrepreneurs to support Hong Kong's growth into an international innovation and technology hub.

In March 2018, the Ng Family, the major shareholder of the Group, set up a not-for-profit organisation named Hong Kong Innovation Foundation Limited ('HKIF'). HKIF's key objective is grounded in its belief that innovation and technology are crucial to developing a diversified economy, driving meaningful social change and enhancing the competitiveness of Hong Kong. The HKIF is a holistic innovation eco-system, it comprises (1) education programmes, including the flagship programme Go Code project, robot maker, Crazy Circuits®, to empower the next generations with essential skills through complimentary classes for primary school students from underprivileged families; (2) OC STEM Lab, which gives students greater exposure to STEM (science, technology, engineering and mathematics); (3) entrepreneurship programmes in collaboration with the University of Hong Kong, the Hong Kong University of Science and Technology and European Innovation Academy to enable aspiring entrepreneurs to try out their ideas; (4) experimental programmes like the HKIF Robotic Architecture Series in collaboration with the University of Hong Kong; (5) X-Lab to provide co-working space for start-ups to grow their business and (6) Sino Inno Lab, a sandbox platform for start-ups and technology companies to test out their inventions and creations, and a facilitator of technology and co-creation.

During the reporting period, the HKIF partnered with 26 social service organisations and schools, and increased the number of placements of education programmes to over 2,000. The curriculum has been expanded to include circuit design and robotics programming to unleash children's creativity and arouse interest in technology, in addition to basic coding as well as training in logical thinking, problem-solving through trial and error, and the right attitude in using information technology. Some 20 university students have joined as tutors, they also benefit from the programme through community services and practical teaching experience.

Sino Property Services, the Group's property services arm, collaborated with Asbury Methodist Social Service on the 'LOVE-SHARING' Toy Collection Programme in 2018. The programme was well received with participated by more than 40 properties, and over 2,300 pieces of toys and 2,700 books have been collected. The collected items have been donated to over 310 children living in subdivided units under the 'Help 2 Project'.

(11) CORPORATE SOCIAL RESPONSIBILITY *(Continued)***Community Engagement** *(Continued)*

The Group is a long-standing supporter of The Community Chest of Hong Kong, Hong Chi Association, the Hong Kong Council of Social Service, Hong Kong Young Women's Christian Association and Agency for Volunteer Service. During the financial year, the Group supported a number of meaningful causes, including 'The Community Chest 50th Anniversary Walk for Millions', 'UNICEF Charity Run 2018', 'Hong Chi Climbathon' and 'AVS Walk & Run for Volunteering'. We are delighted that the Group's continuous efforts in community, environment and art have been recognised. The Hong Kong Council of Social Service has awarded the Group with 'Caring Company Logo' for 16 consecutive years and the '15 Years Plus Caring Company Logo'.

In Singapore, The Fullerton Heritage contributed actively to a caring and inclusive society through a wide spectrum of outreach and fundraising programmes supporting the underprivileged and NGOs. The Fullerton Hotel Singapore was lit up in orange on 4th February, 2019, in conjunction with World Cancer Day, in a symbolic act of hope and solidarity. The 'Fullerton Celebrates Women' campaign is marked by purple-themed creations across all F&B outlets at The Fullerton Hotels in Singapore. A total of SGD4,004 was raised from the sale and donated to the Singapore Committee of UN Women.

In the spirit of giving and sharing in the festive season, The Fullerton Hotel Singapore hosted the Christmas Light-up Ceremony and Fullerton Charity Cook-off Buffet Dinner in November 2018 to support beneficiaries from the REACH Community Service Society. SGD25 nett from each adult dining patron was donated to REACH Community Service Society to support the underprivileged and those in need.

The Fullerton Academy was launched in 2018, and it seeks to instil positive attitude and character traits in grooming the leaders of tomorrow. The new flagship CSR programme advocates skill-based volunteerism from staff, partners and vendors to empower disadvantaged youths through workshops, classes and mentorships to enable the young generations to pursue their dreams. Two training tracks providing teens with hands-on exposure to career options in the hospitality, service and food and beverage industry are provided, cultivating interest in creative arts through photography workshops, were provided.



The Group participated in 'The Community Chest 50th Anniversary Walk for Millions' on 6 January 2019. About 600 colleagues and their family members and friends joined the charity walk.

(11) CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Community Engagement *(Continued)*

From February to April 2019, The Fullerton Hotel Singapore conducted a baking workshop for 15 underprivileged youths from REACH Community Services. The culinary and baking programme provides youths with hands-on exposure to career options in the hospitality, service and food and beverage industry through modular workshops imparting etiquette, culinary and service skills. The aspiring young chefs learnt new skills and presented their creations before concluding the workshop with a Q&A session where they consulted with Fullerton's team of chefs about the industry.

Sustainability

Sustainability is central to the Group's operation. We contribute to sustainable development through green architectural planning and property management, energy saving and waste reduction initiatives, as well as exploring green innovations.

In a further effort to promote sustainability, the Group launched a structured tree recycling/upcycling scheme in September 2018 to make better use of these precious resources. About 43 m³ of wood from 190 trees have been collected from eight construction sites and sixteen properties under the Group's management. Twigs and branches in good condition have been processed into mulch and compost that can be applied in the landscaped areas of Group's properties, while bigger trunks and logs have been collected for upcycling to make furniture and art pieces.

In December 2018, Sino Land announced that its first green loan, Sino Land Green Loan 2018, had received Pre-Issuance Stage Green Finance Certification issued by the Hong Kong Quality Assurance Agency, making the Group among the first in Hong Kong that have received the certification. The Group also unveiled its Green Finance Framework covering the Group, its affiliates and subsidiaries to guide the financing of sustainable building developments and enhancement that will deliver environmental benefits in line with the Group's sustainability vision.

REVIEW OF OPERATIONS *(Continued)*

(11) CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Sustainability *(Continued)*

Further to the announcement of the Plastic Awareness Campaign in April 2018 and the pledge to reduce consumption of single-use plastic across all business of the Group by 50% by 2022 (from 2017 level), the Group is pleased to report progress through concerted efforts.

In June 2018, the Group's hotels in Hong Kong and Singapore banned plastic straws and stirring rods at all F & B outlets, and would serve eco-friendly alternatives upon request. Eco-friendly pens have been placed in guest rooms, meeting rooms and other public spaces of The Fullerton Hotel Singapore and The Fullerton Bay Hotel Singapore.

We have also initiated the first hotel-wide substitution of plastic bottled water on all premises in Hong Kong with about 100 smart filtered water stations serving 2,100 guest rooms and facilities. The water stations are installed at easily accessible locations for guests to refill their own bottles or glass flasks provided in each room. Other initiatives include replacing small bathroom amenities with refillable dispensers, providing eco-friendly containers and cutleries, to reduce consumption of single-use plastic.

The Group has extended the plastic awareness campaign to residential properties, commercial buildings and malls. Water dispensers have been provided at 65 clubhouses, in addition to the introduction of 100 umbrella dryers at 67 locations and 18 reverse vending machines at 18 locations. More than 52,000 plastic bottles have been collected during the first six months, translating into a carbon emission reduction of 12,504 kg, equivalent to 543 trees.

We strive to make our properties more environmentally friendly and to create a cleaner environment. Sino Property Services, the Group's property services arm, has been actively contributing to the development of a sustainable environment in Hong Kong. Efforts and initiatives adopted in different aspects of the daily operations for promoting environmental protection have been widely recognised. The property management team enhances energy efficiency in properties under our management and support renewable energy through introducing the photovoltaic system in our properties. We have installed over 1,800 solar panels at properties in Hong Kong, generating a total rated power of more than 590kW.



The Group announced the Plastic Awareness Campaign in April 2018 and pledged to reduce consumption of single-use plastic across all businesses of the Group by 50% by 2022 (from 2017 level), and have extended the campaign to hotels, residential properties, commercial buildings and malls.

(11) CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Sustainability *(Continued)*



The Group celebrated the 10th anniversary of 'Mission Green Thumb', a multifaceted programme combining gardening, environmental protection, community engagement and social inclusion. It epitomises what the Group strives to achieve with CSR efforts – working with our people, partners and customers to build a greener future.

We are delighted to report that 'Mission Green Thumb', a multifaceted programme combining gardening, engaging the broader community and social inclusion, celebrated its tenth anniversary in 2019. Mission Green Thumb is a seedling adoption scheme and the second programme under the 'Mission Green' series. Through collaborating with Hong Chi Association, tenants can adopt and name the seedlings tended by Hong Chi members, engaging the broader and promoting social bringing them closer to the less privileged. Sales proceeds, without deduction of costs, are pledged to support gardening training with the objective of enabling the intellectually-challenged members to take up gainful employment opportunities in the open market. Twelve Hong Chi Association trainees have participated in the programme and half of them have found jobs in the open market, demonstrating the significance of this meaningful initiative.

Art

With a mission of making arts and culture accessible to all and enrich everyday lives, the Group launched 'Sino Art' in 2006 to curate arts events and provide local and international artists with a platform to showcase their talent at the Group's shopping malls, hotels and commercial buildings.



The Group hosted 12 young artists from local NGO Young Artist Development Foundation to an outdoor drawing session at Hong Kong Gold Coast in October 2018. The young talents joined a guided tour by staff to learn more about the development before depicting the charm of the beautiful environs with their creative strokes.

The Group sponsors notable art and design events, adding vibrancy to the local creative scene. The Group has supported the 47th Hong Kong Arts Festival, bringing world-class performances to Hong Kong audience through the 'Sino Group Arts Celebration Series'. In addition, we collaborated with local NGO Young Artist Development Foundation and hosted 12 young artists to an outdoor drawing session at Hong Kong Gold Coast in October 2018. The young artists joined a guided tour by our staff to learn more about the development before depicting the charm of the beautiful environs with their creative strokes.

Dedicated to enlivening the arts and cultural scene in Singapore, the Fullerton Arts Programme plays an active role in promoting locally established and international artists, providing them with visibility for their works and talent through donation to art causes and the organisation of art programmes.

In March 2019, The Fullerton Academy conducted a photography workshop and hosted 10 underprivileged youths from REACH Community Services to learn fundamentals of photography. The workshop allows the youths to cultivate their interest and explore the realm of creative arts, as well as a chance to roll up their sleeves and get behind the lenses.

(11) CORPORATE SOCIAL RESPONSIBILITY *(Continued)***Heritage**

The Group holds the belief that conservation of cultural heritage helps the community build a sense of identity and strengthen relationships in the city. We identify and showcase the heritage significance of historical projects in Mainland China, Hong Kong, Singapore and Australia.

In March 2008, the Ng Family, the major shareholder of the Group, set up a not-for-profit organisation named Hong Kong Heritage Conservation Foundation Limited ('HCF'). HCF revitalised and converted the Old Tai O Police Station, a Grade II historic building completed in 1902, 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 not-for-profit social enterprise, is part of the HKSAR Government's Revitalising Historic Buildings Through Partnership Scheme Batch 1. The Hotel is a winner of the '2013 UNESCO Asia-Pacific Awards for Cultural Heritage Conservation'.

To raise public awareness of the importance of conserving heritage buildings, complimentary daily guided tours are provided for the public and charitable groups visiting the Hotel. The Hotel has been providing employment opportunities for Tai O and Lantau Island residents. Over half of the staff working at the Hotel are residents of Tai O or Lantau Island, with some of them employed as guides for eco and cultural experience tours.

The Hotel places an emphasis on engaging the younger generation, and has organised the Young Ambassadors Programme for the third consecutive year through partnership with 'Walk in Hong Kong' and 'Tai O Buddhist Fat Ho Memorial College' and other local organisations in Lantau. More than 200 docent tours have been conducted by the Young Ambassadors during the annual Open House events.

HCF initiated 'Tai O Stilt House Restoration Programme' in 2018 to provide financial assistance to repair and restore stilt houses of elderly villagers. The Programme aims to preserve the unique architecture in Tai O and its distinctive cultural value.



Dedicated to promoting heritage conservation and sustainable tourism, the UNESCO-awarded Tai O Heritage Hotel hosted the annual Open House in November 2018, welcoming over 2,000 local and overseas visitors. Students participated in the Young Ambassadors Programme and provided docent tours for visitors.

COMPLETED PROPERTIES

1. Far East Finance Centre
2. Capital Tower
3. Pan Asia Centre
4. Westin Centre
5. The Balmoral
6. Cambridge Plaza
7. Lincoln Centre
8. The Mediterranean
9. Park Mediterranean

PROPERTIES UNDER DEVELOPMENT

10. The Fullerton Ocean Park Hotel Hong Kong
11. Aberdeen Land Lot No. 462, Wong Chuk Hang
12. Peel Street / Gage Street Project (Site A), Central
13. Wong Chuk Hang Station Package Two Property Development
14. Madison Park, Cheung Sha Wan
15. Grand Central, Kwun Tong
16. 24A Kadoorie Avenue, Ho Man Tin
17. New Kowloon Inland Lot No.6549, Cheung Sha Wan
18. Kowloon Inland Lot No. 11254, Mongkok
19. Yau Tong Ventilation Building Property Development
20. Lot No.1181 in DD215, Sai Kung
21. Mayfair By The Sea 8, Pak Shek Kok
22. Sha Tin Town Lot No.611, Ma On Shan
23. Kwai Chung Town Lot No. 524
24. Lot 765 in DD332, Cheung Sha, Lantau Island
25. Yuen Long Town Lot No. 532
26. West Rail Kam Sheung Road Station Package One Property Development
27. LOHAS Park Package Eleven Property Development, Tseung Kwan O





PROPERTIES FOR INVESTMENT AND HOTELS

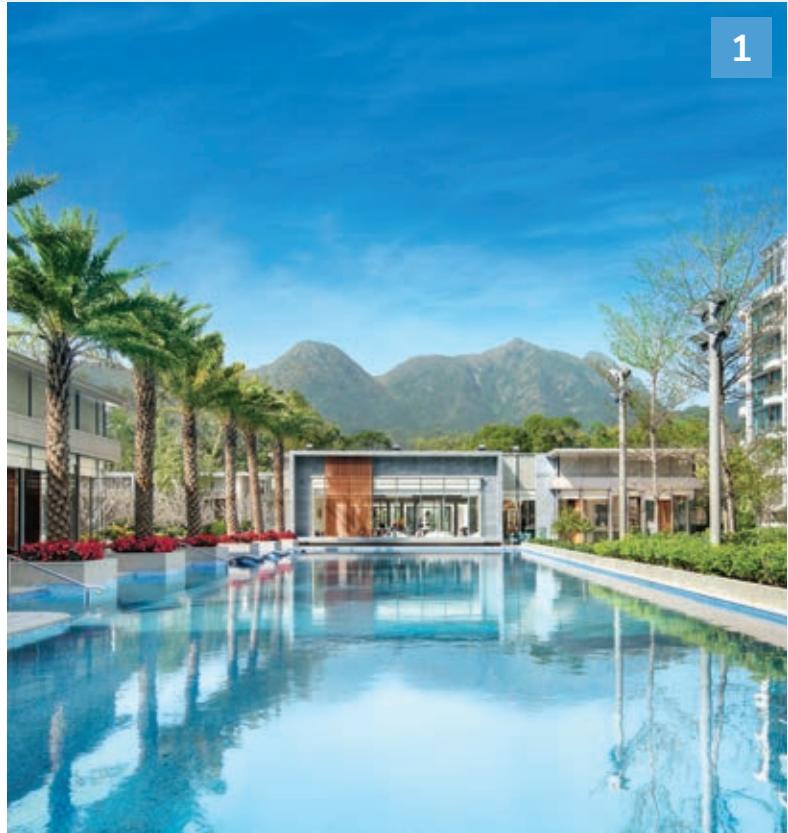
28. No. 1 Chatham Path
29. 38 Repulse Bay Road
30. 148 Electric Road
31. Central Plaza
32. The Centrium
33. Conrad Hong Kong
34. Harbour Centre
35. The Hennessy
36. The Hillside
37. Hollywood Centre
38. Island Resort Mall
39. The Johnston
40. Lee Tung Avenue
41. Marina House
42. One Capital Place
43. Pacific Palisades
44. Pacific Plaza
45. The Staunton
46. Cameron Plaza
47. The Camphora
48. China Hong Kong City
49. Coronation Circle
50. Corporation Square
51. Exchange Tower
52. Fullerton Centre
53. Futura Plaza
54. Hong Kong Pacific Centre
55. Kwun Tong Harbour Plaza
56. Maison Rosé
57. Olympian City
58. The Olympian Hong Kong
59. Omega Plaza
60. Remington Centre
61. Skyline Tower
62. Sunshine Plaza Shopping Arcade
63. Tsim Sha Tsui Centre
64. Westley Square
65. Yau Tong Industrial City
66. Avon Mall
67. Citywalk
68. Citywalk 2
69. Commune Modern
70. Corporation Park
71. Corinthia By The Sea
72. Golden Plaza
73. Grand Regentville Shopping Mall
74. Mansfield Industrial Centre
75. Mayfair Lane
76. Oceania Heights Shopping Mall
77. Paloma Bay
78. Paloma Cove
79. Parklane Centre
80. Ping Wui Centre
81. Riverwalk
82. Rosedale Gardens Shopping Mall
83. Shatin Galleria
84. Springdale Shopping Mall
85. Sunley Centre
86. tmtplaza
87. The Waterside Shopping Mall

COMPLETED PROPERTIES

1 THE MEDITERRANEAN

An exquisite, seaside development at the Sai Kung Town Centre, where scrumptious dining options and greenery abound, The Mediterranean harmoniously blend with the soothing environs.

The 297-unit project features beautifully presented landscaping with over 70 species of Hong Kong flora. The Mediterranean-style living is complete with comprehensive facilities, including a 45-metre swimming pool, Artist's Corner, Co-leisure Space, Starry Court, walking path, horticultural amenities and more.



1

2



2 PARK MEDITERRANEAN

Located at the Sai Kung Town Centre, the project is in vicinity of Hebe Haven, Royal Hong Kong Yacht Club, Sai Kung Country Park, Sai Kung Recreation Centre and a range of recreational facilities. It provides 285 units. Residents can enjoy excellent accessibility and quality living.

COMPLETED PROPERTIES *(Continued)*



3 COMMUNE MODERN

Conveniently located at the Fanling Town Centre, the development is in close proximity to Fanling Station and next to Luen Wo Hui. It provides 296 units and an exquisite shopping arcade.



4 BOTANICA BAY

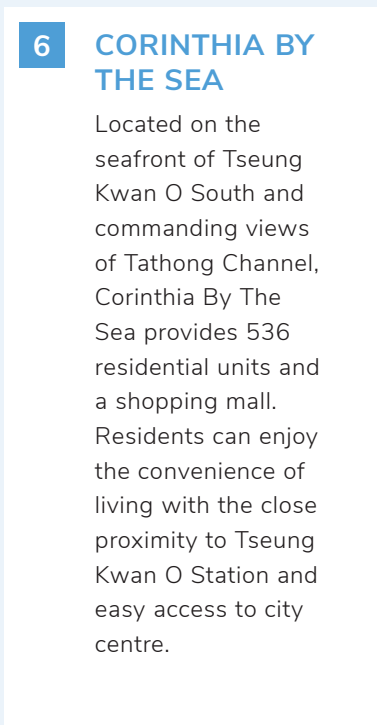
Located at the picturesque Southern Lantau, Botanica Bay commands panoramic views of the South China Sea. The highly exclusive development features lush landscaping and offers 16 houses crafted to the finest details with saleable floor areas ranging from 3,725 sq. ft. to 5,573 sq. ft.

COMPLETED PROPERTIES *(Continued)*



5 CLUNY PARK

Located in the prestigious Mid-Levels West, Cluny Park comprises 27 exquisite residences with layouts ranging from three-bedroom flats to special units. Residents can enjoy views of Victoria Harbour or the greenery of Victoria Peak in addition to easy access to the Central Business District.



6 CORINTHIA BY THE SEA

Located on the seafront of Tseung Kwan O South and commanding views of Tathong Channel, Corinthia By The Sea provides 536 residential units and a shopping mall. Residents can enjoy the convenience of living with the close proximity to Tseung Kwan O Station and easy access to city centre.

COMPLETED PROPERTIES *(Continued)*

7 MAYFAIR BY THE SEA I & MAYFAIR BY THE SEA II

Exquisite waterfront projects at Pak Shek Kok overlooking Tolo Harbour, Mayfair By The Sea I offers 546 residential units, including 7 houses; Mayfair By The Sea II provides 545 residential units, including 5 houses. The shopping arcade, Mayfair Lane, provides convenience for residents.



7

8



8 THE AVENUE (PHASES 1 & 2)

Situated in the heart of Wan Chai, The Avenue comprises two phases, delivering 179 and 1,096 residential units respectively across two sites.

The Avenue features an array of innovative green architectural features, it has received the BEAM 4/04 Final Platinum rating.

Phase 1 and Phase 2 were awarded the 'Building of the Year' and the 'Ideal Living Environment of the Year' respectively at the Fourth Building Inspectors Academy Awards in recognition of the high level of quality.

COMPLETED PROPERTIES *(Continued)*



9

9 MARINELLA

With the background of greenery and mountains in Island South, Marinella offers 411 residential units that can enjoy idyllic scenery with panoramic sea views. It is in close proximity to the prestigious Aberdeen Marina Club, the Hong Kong Country Club and the Hong Kong Golf Club.



10

10 CENTRAL PARK, XIAMEN

Central Park occupies a prime location in Xiamen, at the intersection of three main roads of the town centre, amid greenery of Lianhua Park and comprehensive facilities. The project has been designated for residential and commercial development, comprising 450 residential units in over 470,000 sq.ft. and a commercial space of over 52,000 sq.ft.

COMPLETED PROPERTIES *(Continued)*

11 MAYFAIR BY THE LAKE, XIAMEN

Located in Binbei, the well-established central business district of Xiamen, Mayfair By The Lake enjoys spectacular views of mountain, lake and park. The project comprises 487 residential units with sizes ranging from about 450 to 3,900 sq. ft. in a total gross floor area of approximately 500,000 sq. ft. The project provides comprehensive facilities, including a five-star landscaped swimming pool and a gymnasium.



PROPERTIES UNDER DEVELOPMENT

12 GRAND CENTRAL

Located adjacent to Park Metropolitan in Kwun Tong Town Centre Development Area 1, and connected to the rest of the Kwun Tong Town Centre Development Areas and MTR station, the project enjoys the enormous potential the 'Energising Kowloon East' and CBD² initiatives bring about. It will feature a shopping mall and a public transport interchange at podium, in addition to providing about 1,495,981 sq.ft. of residential plot ratio area in 1,999 residential units.



13 KADOORIE AVENUE PROJECT

Located at the sought-after address of Kadoorie Hill, the project will offer a rare collection of 175 exquisite residences with a total floor area of about 309,700 sq. ft. and sweeping views of the verdant greenery of Kadoorie Hill in addition to easy access to the Kowloon city centre.

14 MAYFAIR BY THE SEA 8

Located at Pak Shek Kok and commanding views of Tolo Harbour, Mayfair By The Sea 8 delivers 528 residential units, and provides residents with quality waterfront living. Clubhouse provides comprehensive facilities, including a 50-metre landscaped swimming pool and a 25-metre heated indoor pool. The development is in close proximity to the prestigious Hong Kong Science & Technology Park and the Chinese University of Hong Kong.

PROPERTIES UNDER DEVELOPMENT *(Continued)*

15 MADISON PARK

Conveniently located with a well-established urban catchment and amenities as well as an MTR station nearby, Madison Park provides 100 well-appointed one- and two-bedroom units in addition to an exquisite shopping arcade.



16 PEEL STREET PROJECT, SHEUNG WAN

Situated in Peel Street, the project occupies a prime location in CBD with excellent accessibility and amenities. With a site area of around 9,607 sq.ft., the project will offer apartments with about 84,260 sq.ft. of residential plot ratio area.

17 WU KAI SHA PROJECT, MA ON SHAN

Situated by the beautiful beach of Starfish Bay, the project will offer 94 residences with sweeping views of Tolo Harbour. The well-established community, including Wu Kai Sha Station within distance, ensures living riviera life to the full.

18 TUI MIN HOI PROJECT, SAI KUNG (LOT 1181 IN DD 215)

Located at a prime location on the waterfront of Sai Kung and being in proximity to the 6-hectare Sai Kung Outdoor Recreation Centre and the 16-hectare Lions Nature Education Centre, the low-density project will offer an exclusive collection of sea view apartments and houses with about 51,592 sq. ft. of residential plot ratio area.

PROPERTIES UNDER DEVELOPMENT



19

19 THE PALAZZO, CHENGDU

Situated close to the Second Ring district in Chengdu and near Shahe River and Tazishan Park, this riverfront and landscaped development enjoys excellent accessibility with an extensive transport network, including Chengdu East Railway Station and Wan Nian Chang Station. The development comprises a world-class hotel, Grade A offices, a shopping mall and residences, covering a total gross floor area of over 13 million sq. ft. Phase two of the project will offer more than 3,200 residential units, from two-bedroom apartments to four-bedroom duplexes.

PROPERTIES UNDER DEVELOPMENT *(Continued)*

20 DYNASTY PARK, ZHANGZHOU

Located in the city centre of Zhangzhou, Dynasty Park benefits from an extensive transport network and is easily accessible from anywhere in the city. With a total gross floor area of approximately 4.5 million sq.ft., Dynasty Park includes low-rise and high-rise luxury residences, shops and a kindergarten. Phase Three is under development with a total gross floor area of over 1,100,000 sq.ft., providing 1,268 residential units.



PROPERTIES FOR INVESTMENT/OWN USE



21 LEE TUNG AVENUE

Opened in 2015, Lee Tung Avenue features a 200-metre tree-lined pedestrianised boulevard. Greening opportunities have been maximised with a vertical green system, trees transplanted from the old site, new flowering trees as well as a range of hardscape elements, creating a vibrant streetscape.

Conveniently located with excellent accessibility, and home to chic bistros, posh international and local brands as well as shops which used to operate from the neighbourhood, Lee Tung Avenue has established itself as a must-visit destination and adds vibrancy to Wan Chai.

Lee Tung Avenue was named the 'Best Retail Development' at the MIPIM Asia Awards 2016.

PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*

22 38 REPULSE BAY ROAD

Occupying one of the most coveted addresses, the development comprises three magnificent houses that feature fine architectural design and an impeccable array of amenities. Each exclusive house has its own private swimming pool, garden and terrace for privacy.

Residents can enjoy unobstructed views of the turquoise waters of Repulse Bay and Deep Water Bay as well as chic bistros and shops in the vicinity.



23 PALOMA BAY

Ensnconed in beautiful, natural surroundings of Peng Chau, Paloma Bay is a haven of tranquillity and harmonious living. It comprises two villas plus 52 apartments and duplexes, replete with stylish décor and thoughtful provisions. Each block is connected to an 8,500-square-foot European-style landscaped garden complete with beautiful water features and lounges. Residents can enjoy attentive services, breath-taking scenery as well as dining options and recreational facilities in the vicinity.



24 PALOMA COVE

Nestled by the enchanting Tung Wan on Peng Chau, Paloma Cove is a magnificent development that offers a coveted waterfront lifestyle. It offers tranquillity and harmonious living, similar to its sister development Paloma Bay.

Comprising ten villas, each residence has been designed to bring nature into home. Exclusive garden and roof terrace, thoughtfully crafted rooms and tasteful furnishings exude an air of class, it is a dream residence of tranquillity, joy and comforts of home.

PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*

25 RIVERWALK

Nestled on the scenic east coast of Lantau Island and in close proximity to the shimmering beach, Riverwalk is set in idyllic surroundings with all needed amenities and accessibility to the Central Business District.

Riverwalk provides 50 elegantly appointed residences across six three-storey, villa-style blocks replete with modern convenience. Unit sizes range from 204 to 882 sq. ft., with studio units, one- to two-bedroom flats and other options for residents to create their own styles of living easily.



25

26



26 THE STAUNTON

Located at the heart of the CBD and SoHo, the 57-suite development offers unparalleled convenience with a myriad of restaurants, bars and shops at the doorstep. Central Station is a mere 10-minute stroll away, bringing accessibility to all major districts of the city.

PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*

27 THE HILLSIDE

Nestled on a tranquil corner a stone's throw from the heart of Wan Chai with MTR and a comprehensive transport network in the immediate vicinity, The Hillside offers swift and convenient connectivity to all corners of the city. The 22 carefully designed one-bedroom suites are the embodiment of comfort and style.



27

28



28 THE JOHNSTON

Occupying a coveted place in the heart of the Wan Chai business and entertainment district, The Johnston is sought after for its location as well as attentive services. It provides 87 exquisite residences.

PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*



29 THE CAMPHORA

Situated in the vibrant heart of Tsim Sha Tsui, The Camphora delivers a combination of modern style and rich heritage. Popular malls, chic boutiques, quaint bistros as well as the picturesque Kowloon Park are within easy reach.

The nine-storey building provides 24 exquisite serviced suites and a clubhouse in addition to attentive services.



30 SINO INTERNATIONAL PLAZA, FUZHOU

Located in Wusi Road, the CBD of Fuzhou, and in walking distance from Fuzhou Metro Line 1, Sino International Plaza is an international Grade A commercial building. It delivers 34,669 sq.m. of office space and 11,148 sq.m. of retail space, and is home to renowned corporations and a variety of cuisines, leisure and fitness services.

The tower features a building façade made of energy-efficient 'Low-E' glass and a unique 1,400-square-metre sky garden which was named the 'Most beautiful sky garden' by the Fuzhou government in 2017.

PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*



31

31 THE HENNESSY

The Hennessy is located in the heart of Wan Chai, a vibrant district abounding with restaurants, shops and offices. The 4.8-metre floor-to-floor height, full-height windows, panoramic harbour views and the unique indoor and rooftop alfresco dining experience make the building an ideal office for various businesses. The Hennessy is just a stone's throw from the entertainment hub of Causeway Bay and minutes from the Central Business District with convenient MTR, bus, minibus and tram access.



32

32 EXCHANGE TOWER

Located in the vicinity of Kowloon Bay Station, Exchange Tower comprises retail and office spaces. It sets a new trend for modern office design by integrating a green balcony into every floor. Together with the unique and spectacular sky garden on the fifteenth floor, it provides a cosy and soothing environment for meetings and quiet moments.

PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*



33

33 CITYWALK / CITYWALK 2

Situated in Yeung Uk Road in Tsuen Wan, Citywalk is Hong Kong's first green shopping mall. This 280,000-square-foot shopping mall has a 7,000-square-foot Vertical Garden and a 40,000-square-foot 'Citywalk Piazza' with landscaped water features. The unique green space provides shoppers and tourists with a stylish and natural environment.

Citywalk 2, a contemporary, three-storey mall comprising approximately 200,000 sq.ft. of space, complements Citywalk. It is home to sought-after brands, cinema, lifestyle stores, restaurants and a department store.

34 OLYMPIAN CITY

Connected to Olympic Station and the affluent West Kowloon catchment by a comprehensive footbridge system, the 800,000-square-foot regional mall offers a wide variety of shops, from international fashions and cosmetics to kids' favourites and lifestyle accessories. Olympian City is well known for its varieties in food and beverages, from alfresco restaurants and bars to international cuisines, as well as a mega food court. The 80,000-square-foot open piazza houses arts exhibitions and community events throughout the year; together with the six-screen cinema, it adds vibrancy to the shopping experience for both local shoppers and tourists.



34

PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*



35

35 TMTPLAZA

tmtplaza enjoys easy connection to West Rail and Light Rail stations. The 1,000,000-square-foot shopping mall is home to over 300 shops and restaurants, with famous international fashion and cosmetics brands and a variety of shops from department stores and electrical appliances to jewellery and kids' wear. With all-year-round promotional events and exhibitions taking place at its 5,000-square-foot Central Atrium, together with a wide spectrum of international cuisines and a four-screen cinema, the mall offers a one-stop shopping experience, attracting shoppers from the Northwest districts and the Pearl River Delta.



36

36 TSIM SHA TSUI CENTRE

Tsim Sha Tsui Centre is the first development at Tsim Sha Tsui East. It is a tribute to the Group's pioneering spirit. Today, it serves as the Group's headquarters, and is an important commercial property. Tsim Sha Tsui Centre and the adjacent Empire Centre have undergone a major renovation, transforming the harbourfront units into stylish duplex restaurants, turning the twin buildings into a premier Tsim Sha Tsui East dining destination – Alfresco Lane.

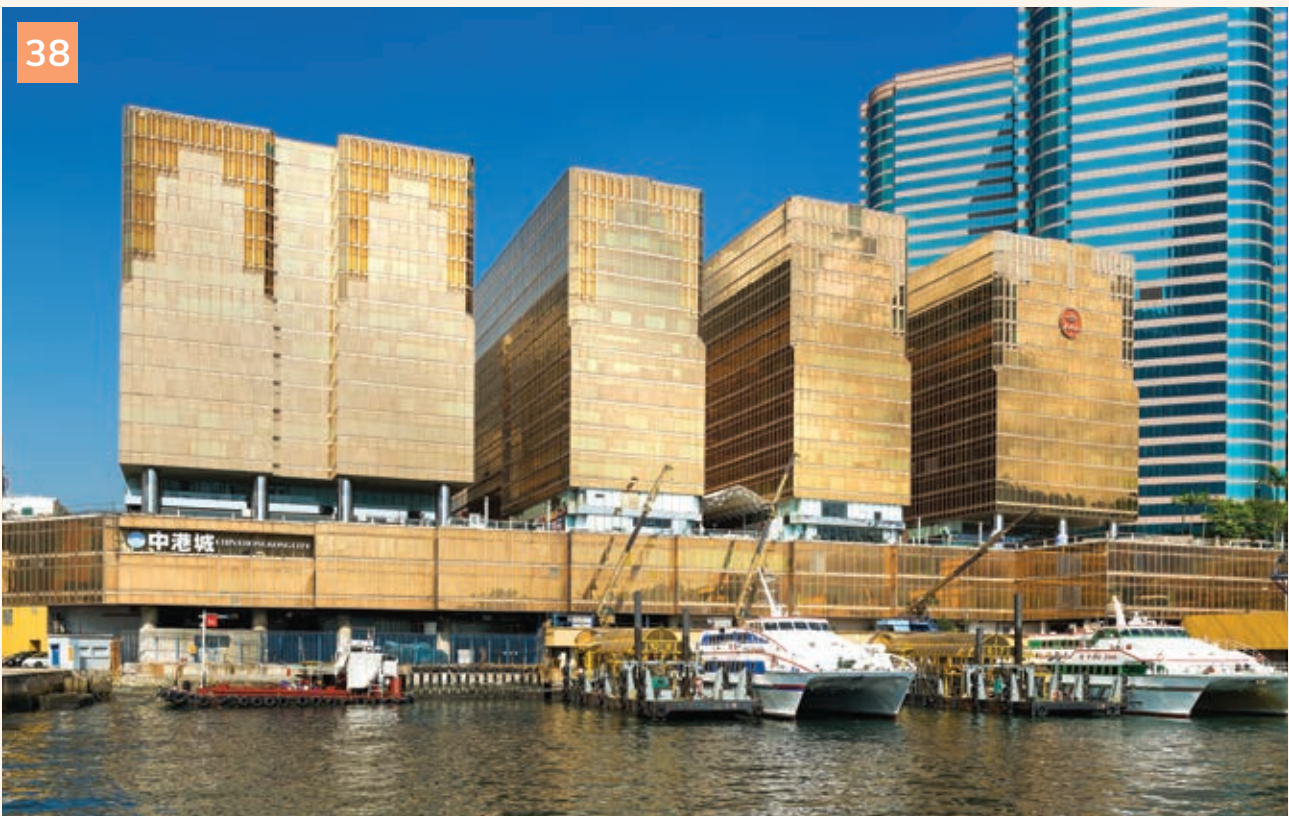
PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*



37

37 HONG KONG PACIFIC CENTRE

Hong Kong Pacific Centre is located in the centre of Tsim Sha Tsui's buzzing retail precinct, and is just a stone's throw from Nathan Road. The project comprises an office tower and a retail podium. Equipped with state-of-the-art facilities catering to the medical sector, Hong Kong Pacific Centre is one of the most sought-after medical centres in the city with a cluster of medical specialists.



38

38 CHINA HONG KONG CITY

China Hong Kong City is one of the largest golden glass-clad complexes in the world and among Hong Kong's most prominent commercial developments. Strategically located in Canton Road, Tsim Sha Tsui – Kowloon's buzzing business and tourist district, this mixed-use development includes five office towers with spectacular sea views, a six-storey shopping mall, The Royal Pacific Hotel & Towers, China Ferry Terminal, bus and taxi terminals, and ample car parking facilities. Being close to the Kowloon Park, it is well supported by all major means of public transport and is only a short stroll from the Star Ferry as well as Tsim Sha Tsui and Austin Stations.

PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*

39 SKYLINE TOWER

Skyline Tower is located in the heart of the commercial district of Kowloon Bay and commands spectacular views of Victoria Harbour. This 39-storey Grade A commercial complex comprises office and F & B offerings.



40



40 THE CENTRIUM

Located in the heart of Central, The Centrium is a Grade A commercial development in the well-known Lan Kwai Fong and SoHo district. The project provides prime office space and fine dining offerings.

PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*



41

41 148 ELECTRIC ROAD

Located in close proximity to Fortress Hill Station and being easily accessible to the Island Eastern Corridor and the Cross Harbour Tunnel, 148 Electric Road comprises 26 floors of Grade A office space, two levels of retail accommodation and five floors of parking space. The glass curtain walls enable a panoramic sea view of Victoria Harbour. Split-type air-conditioning units are provided to facilitate flexible working hours for tenants.

42 THE OLYMPIAN HONG KONG

Situated in the heart of West Kowloon overlooking Victoria Harbour, The Olympian Hong Kong provides 32 well-appointed guest rooms and suites, including the 75-square-metre Olympian Suite. The hotel is an urban oasis delivering contemporary residences and personalised services, including exclusive in-room check-in and chauffeur services.

The hotel is minutes away from the business hub of Tsim Sha Tsui; the extensive transport network also connects guests to Airport Express Kowloon Station and the China Ferry Terminal.



42

PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*



43 THE FULLERTON HERITAGE

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



44 THE FULLERTON HOTEL SINGAPORE

Housed in the historic building that was once home to the General Post Office, The Singapore Club and the Chamber of Commerce, The Fullerton Hotel Singapore is now a hotel with 400 carefully designed rooms and suites. Its excellent location and comprehensive facilities make it ideal for both business and leisure travellers. The Hotel has received international awards and accolades in recognition of its standards of service.

On 7 December 2015, the Fullerton Building was gazetted as Singapore's 71st National Monument.

PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*



45 THE FULLERTON BAY HOTEL SINGAPORE

Opened on 8 July 2010, The Fullerton Bay Hotel Singapore features breath-taking architecture and stunning interiors that combine modernity and heritage. Sited at a prime waterfront location in the Central Business District and in close proximity to the arts and cultural precinct, the hotel offers five-star hospitality and services with rooms providing spectacular views of Marina Bay and the Singapore skyline. It received the coveted 'Five-Star' rating from Forbes Travel Guide between 2013 and 2019.



45

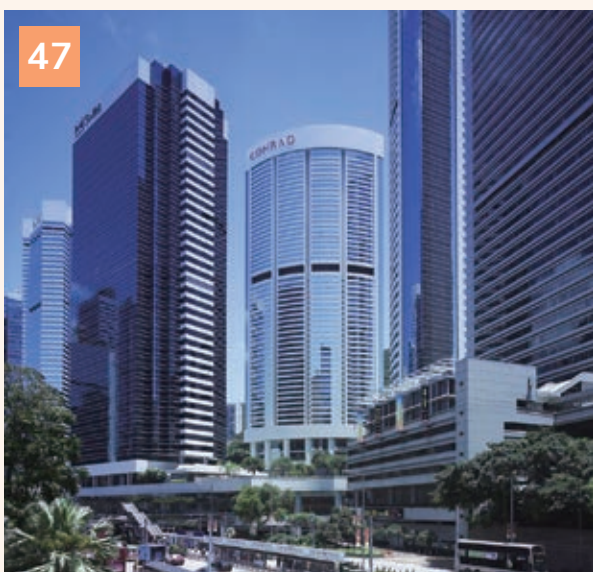
PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*



46

46 CLIFFORD PIER

A historic landmark and the first port of call for immigrants in the early days of Singapore, the revitalised Clifford Pier has kept its original architectural characteristics and charm. Occupying an area of approximately 13,000 sq.ft., the pier houses The Fullerton Bay Hotel's destination restaurant, The Clifford Pier, which offers Singapore's local favourites and Western classics, complete with breathtaking waterfront views.



47

47 CONRAD HONG KONG

Towering from the 40th to the 61st floors above one of Hong Kong's most prestigious and exclusive shopping and entertainment complexes, Conrad Hong Kong is located within the Central Business District and in close proximity to major sites of interest. The award-winning hotel features 514 elegantly appointed rooms and suites that offer business and leisure travellers the optimum in comfort, facilities and service. The Hotel is renowned for spaciousness and breathtaking views of The Peak and Victoria Harbour.

PROPERTIES FOR INVESTMENT/OWN USE *(Continued)*



48

48 THE WESTIN SYDNEY

Located at No. 1 Martin Place, the heart of Sydney's fashion and financial district, the iconic five-star hotel entails the redevelopment of Sydney's historic General Post Office, and exudes modern elegance with a touch of historical charm. It is surrounded by exclusive designer brands, fine dining and entertainment options, and is close to major attractions such as Darling Harbour, the Sydney Opera House and the Sydney Harbour Bridge.

The Westin Sydney provides 416 luxurious rooms, comprehensive conference facilities and a large prime retail podium.

It will be rebranded as The Fullerton Hotel Sydney on 18 October 2019. It will be managed by The Fullerton Hotels and Resorts, which is synonymous with attentive services and hospitality.

49 RAFFLES CITY SHANGHAI

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



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INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

**TO THE MEMBERS OF
SINO LAND COMPANY LIMITED**
信和置業有限公司
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Sino Land Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 196 to 324, which comprise the consolidated statement of financial position as at 30th June, 2019, 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, 2019, 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

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 the determination of 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, 2019, the Group's investment properties amounted to HK\$65,035,087,581 and represented 36.0% of the Group's total assets, with a fair value gain of HK\$1,965,519,436 recognised in the consolidated statement of profit or loss for the year then ended.

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 rates which are the significant unobservable inputs that involve management's significant judgment. Details of the valuation techniques and significant unobservable inputs 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 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 inputs and the accuracy of the source data used by the Valuers and comparing them, on a sampling 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 determination of 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 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, 2019, the Group's properties under development and stocks of completed properties amounted to HK\$25,866,538,169 and HK\$1,732,436,869 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 including evaluating the accuracy of management's prior period estimation;
- Evaluating the reasonableness of the management's estimation of the total budgeted development costs of the properties under development, on a sampling basis, by comparing them to the actual development costs of similar completed properties of the Group and comparing to the relevant market information; and
- Assessing the appropriateness of the selling price estimated by management, on a sampling basis, by comparing the estimated selling price to recent market prices of units of 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 HKSAs 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 HKSAs, 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 Ip Chiu Yin.

Deloitte Touche Tohmatsu
Certified Public Accountants
 Hong Kong
 29th August, 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30th June, 2019

	NOTES	2019 HK\$	2018 HK\$
Revenue	5	8,009,912,578	10,730,234,383
Cost of sales		(1,319,224,798)	(3,659,505,877)
Direct expenses		(2,200,099,945)	(2,212,066,179)
Gross profit		4,490,587,835	4,858,662,327
Change in fair value of investment properties	17	1,965,519,436	927,408,331
Other income and other gains or losses		93,750,075	706,619,645
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		1,214,679	279,580
Gain on disposal of investment properties		77,044,126	25,359,937
Gain on disposal of a subsidiary	36	49,855,396	7,054,614,889
Administrative expenses		(932,270,707)	(818,028,137)
Other operating expenses		(204,854,508)	(187,460,348)
Finance income	7	643,252,213	565,100,848
Finance costs	8	(134,600,527)	(99,646,671)
Less: interest capitalised	8	74,471,973	46,634,202
Finance income, net		583,123,659	512,088,379
Share of results of associates	9	1,378,020,003	2,358,377,030
Share of results of joint ventures	10	216,478,417	227,880,222
Profit before taxation	11	7,718,468,411	15,665,801,855
Income tax expense	14	(713,648,610)	(1,631,667,600)
Profit for the year		7,004,819,801	14,034,134,255
Attributable to:			
The Company's shareholders		6,914,903,934	13,995,949,179
Non-controlling interests		89,915,867	38,185,076
		7,004,819,801	14,034,134,255
Earnings per share (reported earnings per share)			
Basic	16(a)	1.03	2.18

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30th June, 2019

	NOTE	2019 HK\$	2018 HK\$
Profit for the year		<u>7,004,819,801</u>	<u>14,034,134,255</u>
Other comprehensive (expense) income			
<i>Item that will not be reclassified to profit or loss:</i>			
Change in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")		<u>(86,134,048)</u>	–
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Change in fair value of available-for-sale investments		–	(19,671,216)
Exchange differences arising on translation of foreign operations		<u>(293,818,931)</u>	<u>49,755,154</u>
		<u>(293,818,931)</u>	<u>30,083,938</u>
<i>Items that have been reclassified to profit or loss:</i>			
Reserve released upon disposal of a subsidiary	36	–	(238,051,292)
Reserve released upon disposal of an associate		–	<u>(250,654,404)</u>
		–	<u>(488,705,696)</u>
Other comprehensive expense for the year		<u>(379,952,979)</u>	<u>(458,621,758)</u>
Total comprehensive income for the year		<u>6,624,866,822</u>	<u>13,575,512,497</u>
Total comprehensive income attributable to:			
The Company's shareholders		<u>6,534,950,955</u>	13,537,327,421
Non-controlling interests		<u>89,915,867</u>	<u>38,185,076</u>
		<u>6,624,866,822</u>	<u>13,575,512,497</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2019

	NOTES	2019 HK\$	2018 HK\$
Non-current assets			
Investment properties	17	65,035,087,581	62,712,904,952
Hotel properties	18	1,892,461,633	1,914,892,089
Property, plant and equipment	19	219,236,888	238,035,246
Prepaid lease payments – non-current	20	1,103,916,724	1,118,004,432
Interests in associates	21	21,944,280,816	20,157,208,184
Interests in joint ventures	22	3,344,737,242	3,262,044,031
Equity instruments at FVTOCI	23	860,940,215	–
Available-for-sale investments	23	–	916,125,322
Advances to associates	21	2,051,559,285	2,858,796,861
Advances to joint ventures	22	7,505,992,744	10,843,649,095
Long-term loans receivable	25	2,245,722,825	1,841,372,646
Other asset		300,000	–
		106,204,235,953	105,863,032,858
Current assets			
Properties under development	42	25,866,538,169	24,892,353,735
Stocks of completed properties		1,732,436,869	2,139,272,389
Hotel inventories		21,276,567	20,933,472
Prepaid lease payments – current	20	20,135,984	20,027,636
Financial assets at FVTPL	26	11,666,468	10,449,495
Amounts due from associates	21	3,375,515,148	305,893,240
Amounts due from joint ventures	22	2,895,614,759	2,318,510,095
Amounts due from non-controlling interests	24	75,505,655	65,763,095
Trade and other receivables	27	1,240,670,454	1,014,388,336
Current portion of long-term loans receivable	25	80,941,385	63,369,452
Taxation recoverable		149,887,249	139,032
Restricted bank deposits	28	383,731,024	433,845,692
Time deposits	28	27,285,304,366	18,538,666,235
Bank balances and cash	28	11,404,920,334	3,420,751,766
		74,544,144,431	53,244,363,670
Current liabilities			
Trade and other payables	29	4,967,358,991	5,943,918,338
Contract liabilities	30	16,208,373,613	–
Deposits received on sales of properties		–	1,325,650,079
Amounts due to associates	21	2,637,954,369	2,364,904,027
Amounts due to joint ventures	22	–	65,945
Amounts due to non-controlling interests	24	881,155,371	36,094,469
Taxation payable		690,722,147	1,740,926,555
Bank borrowings – due within one year	31	–	719,684,111
		25,385,564,491	12,131,243,524
Net current assets		49,158,579,940	41,113,120,146
Total assets less current liabilities		155,362,815,893	146,976,153,004

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30th June, 2019

	NOTES	2019 HK\$	2018 HK\$
Capital and reserves			
Share capital	32	47,324,776,293	44,560,016,005
Reserves		<u>97,969,236,460</u>	<u>95,021,924,733</u>
Equity attributable to the Company's shareholders		145,294,012,753	139,581,940,738
Non-controlling interests		<u>868,091,612</u>	<u>860,175,745</u>
Total equity		<u>146,162,104,365</u>	<u>140,442,116,483</u>
Non-current liabilities			
Long-term bank borrowings – due after one year	31	5,026,688,387	1,656,000,000
Deferred taxation	33	2,445,353,649	2,387,146,526
Advances from associates	34	1,622,090,423	1,261,934,843
Advances from non-controlling interests	35	<u>106,579,069</u>	<u>1,228,955,152</u>
		<u>9,200,711,528</u>	<u>6,534,036,521</u>
		<u>155,362,815,893</u>	<u>146,976,153,004</u>

The consolidated financial statements on pages 196 to 324 were approved and authorised for issue by the Board of Directors on 29th August, 2019 and are signed on its behalf by:

Robert NG Chee Siong
Chairman

Daryl NG Win Kong
Deputy Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June, 2019

	Attributable to the Company's shareholders				Total HK\$	Non- controlling interests HK\$	Total HK\$
	Share capital HK\$	Investment revaluation reserve HK\$	Exchange reserve HK\$	Retained profits HK\$			
At 1st July, 2017	40,590,631,436	193,097,169	858,652,185	86,711,386,892	128,353,767,682	971,301,683	129,325,069,365
Profit for the year	-	-	-	13,995,949,179	13,995,949,179	38,185,076	14,034,134,255
Other comprehensive (expense) income:							
- change in fair value of available-for-sale investments	-	(19,671,216)	-	-	(19,671,216)	-	(19,671,216)
- exchange differences arising on translation of foreign operations	-	-	49,755,154	-	49,755,154	-	49,755,154
- reserve released upon disposal of a subsidiary	-	-	(238,051,292)	-	(238,051,292)	-	(238,051,292)
- reserve released upon disposal of an associate	-	-	(250,654,404)	-	(250,654,404)	-	(250,654,404)
Total comprehensive (expense) income for the year	-	(19,671,216)	(438,950,542)	13,995,949,179	13,537,327,421	38,185,076	13,575,512,497
Shares issued in lieu of cash dividends	3,969,384,569	-	-	-	3,969,384,569	-	3,969,384,569
Cancellation upon repurchase of own shares	-	-	-	(12,200,920)	(12,200,920)	-	(12,200,920)
Deemed capital contribution from non-controlling interests in relation to interest-free advances from non-controlling interests	-	-	-	-	-	21,648,550	21,648,550
Dividends paid to non-controlling interests	-	-	-	-	-	(170,959,564)	(170,959,564)
Final dividend - 2017	-	-	-	(2,526,229,908)	(2,526,229,908)	-	(2,526,229,908)
Interim dividend - 2018	-	-	-	(838,300,093)	(838,300,093)	-	(838,300,093)
Special dividend - 2018	-	-	-	(2,901,808,013)	(2,901,808,013)	-	(2,901,808,013)
At 30th June, 2018	44,560,016,005	173,425,953	419,701,643	94,428,797,137	139,581,940,738	860,175,745	140,442,116,483
Adjustments (Note 2)	-	(438,077,414)	-	438,077,414	-	-	-
At 1st July, 2018 (restated)	44,560,016,005	(264,651,461)	419,701,643	94,866,874,551	139,581,940,738	860,175,745	140,442,116,483
Profit for the year	-	-	-	6,914,903,934	6,914,903,934	89,915,867	7,004,819,801
Other comprehensive expense:							
- change in fair value of equity instruments at FVTOCI	-	(86,134,048)	-	-	(86,134,048)	-	(86,134,048)
- exchange differences arising on translation of foreign operations	-	-	(293,818,931)	-	(293,818,931)	-	(293,818,931)
Total comprehensive (expense) income for the year	-	(86,134,048)	(293,818,931)	6,914,903,934	6,534,950,955	89,915,867	6,624,866,822
Shares issued in lieu of cash dividends	2,764,760,288	-	-	-	2,764,760,288	-	2,764,760,288
Dividends paid to non-controlling interests	-	-	-	-	-	(82,000,000)	(82,000,000)
Final dividend - 2018	-	-	-	(2,641,224,521)	(2,641,224,521)	-	(2,641,224,521)
Interim dividend - 2019	-	-	-	(946,414,707)	(946,414,707)	-	(946,414,707)
At 30th June, 2019	47,324,776,293	(350,785,509)	125,882,712	98,194,139,257	145,294,012,753	868,091,612	146,162,104,365

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30th June, 2019

	NOTE	2019 HK\$	2018 HK\$
OPERATING ACTIVITIES			
Profit before taxation		7,718,468,411	15,665,801,855
Adjustments for:			
Finance costs		60,128,554	53,012,469
Amortisation and depreciation of property, plant and equipment and hotel properties		122,438,804	110,241,479
Release of prepaid lease payments		20,081,810	19,925,406
Loss on disposal of property, plant and equipment		1,167,883	1,066,218
Property, plant and equipment written off		22,308	400
Impairment loss on trade receivables, net of reversal		2,888,582	1,114,139
Share of results of associates		(1,378,020,003)	(2,358,377,030)
Share of results of joint ventures		(216,478,417)	(227,880,222)
Change in fair value of investment properties		(1,965,519,436)	(927,408,331)
Finance income		(643,252,213)	(565,100,848)
Change in fair value of financial assets at FVTPL		(1,214,679)	(279,580)
Gain on disposal of a subsidiary	36	(49,855,396)	(7,054,614,889)
Gain on disposal of an associate		–	(542,434,342)
Gain on disposal of investment properties		(77,044,126)	(25,359,937)
Interest income from loans receivable		(61,039,744)	(54,410,667)
Dividend income from listed investments		(44,092,667)	(42,756,044)
Dividend income from unlisted investments		(4,206,900)	(222,900)
Operating cash flows before movements in working capital		3,484,472,771	4,052,317,176
Increase in long-term loans receivable		(421,922,112)	(3,276,672)
Increase in properties under development		(2,458,433,610)	(12,246,683,163)
Decrease in stocks of completed properties		1,541,747,858	3,498,618,133
(Increase) decrease in hotel inventories		(343,095)	182,353
Increase in financial assets at FVTPL		(2,294)	(2,450)
(Increase) decrease in trade and other receivables		(87,712,742)	315,514,209
(Decrease) increase in trade and other payables		(971,926,498)	4,661,820,569
Increase in contract liabilities		14,882,723,534	–
Decrease in deposits received on sales of properties		–	(6,666,667,935)
Cash generated from (used in) operations		15,968,603,812	(6,388,177,780)
Hong Kong Profits Tax paid		(712,371,965)	(447,706,875)
Taxation in other jurisdictions paid		(1,090,805,629)	(1,120,543,283)
Interest received from loans receivable		61,039,744	54,410,667
Dividends received from listed investments		12,843,726	25,472,568
Dividends received from unlisted investments		4,206,900	222,900
NET CASH FROM (USED IN) OPERATING ACTIVITIES		14,243,516,588	(7,876,321,803)

CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

For the year ended 30th June, 2019

	NOTE	2019 HK\$	2018 HK\$
INVESTING ACTIVITIES			
Repayments from associates		927,699,035	630,694,175
Repayments from joint ventures		2,794,101,611	403,929,862
Repayments from non-controlling interests		19,727,293	172,680,000
Dividends received from associates		494,285,046	531,163,600
Dividends received from joint ventures		109,500,000	285,000,000
Installments received for the sale of an associate and assignment of loan		–	1,050,000,000
Decrease in restricted bank deposits		50,114,668	1,492,583,877
Interest received		458,133,826	445,307,359
Proceeds from disposal of investment properties		229,338,087	51,446,743
Repayment from an investee company		–	15,385,955
Proceeds from disposal of property, plant and equipment		468,225	223,056
Advances to associates		(3,164,993,796)	(332,179,647)
Advances to joint ventures		(98,735,143)	(9,938,989,609)
Advances to non-controlling interests		(29,469,853)	(25,813,798)
Additions to investment properties		(181,518,093)	(146,671,207)
Additions to hotel properties		(7,140,582)	(6,648,685)
Additions to property, plant and equipment		(66,275,259)	(111,002,399)
Proceeds from disposal of a subsidiary (net of cash and cash equivalents disposed of)	36	110,441,542	9,858,902,296
(Increase) decrease in time deposits with original maturity over three months		(8,114,781,108)	7,158,428,072
Acquisition of interests in associates		(1,100,000,004)	–
Acquisition of interests in joint ventures		–	(263)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(7,569,104,505)	11,534,439,387
FINANCING ACTIVITIES			
New bank borrowings raised		2,825,996,000	542,532,000
Repayments of bank and other borrowings		(178,598,750)	(4,094,999,500)
Advances from associates		725,701,480	1,018,983,777
Repayments to associates		(63,228,370)	(1,266,486,394)
Advance from a joint venture		–	58,616
Repayment to a joint venture		(65,945)	–
Repayments to non-controlling interests		(457,007,167)	(5,196,880)
Advances from non-controlling interests		161,658,651	558,756,627
Dividends paid to ordinary shareholders of the Company		(822,878,940)	(2,296,953,445)
Interest paid		(98,306,758)	(67,749,307)
Repurchase of own shares		–	(12,200,920)
Dividends paid to non-controlling interests		(82,000,000)	(170,959,564)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		2,011,270,201	(5,794,214,990)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		8,685,682,284	(2,136,097,406)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		7,823,797,702	9,922,476,572
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(69,656,693)	37,418,536
CASH AND CASH EQUIVALENTS CARRIED FORWARD		16,439,823,293	7,823,797,702

CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

For the year ended 30th June, 2019

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Restricted bank deposits	383,731,024	433,845,692
Time deposits	27,285,304,366	18,538,666,235
Bank balances and cash	11,404,920,334	3,420,751,766
Deposits, bank balances and cash in the consolidated statement of financial position	39,073,955,724	22,393,263,693
Less: Time deposits with original maturity over three months	(22,250,401,407)	(14,135,620,299)
Restricted bank deposits	(383,731,024)	(433,845,692)
Cash and cash equivalents in the consolidated statement of cash flows	16,439,823,293	7,823,797,702

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June, 2019

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

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 48.

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")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments and an interpretation 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)***2.1 HKFRS 15 "Revenue from Contracts with Customers"**

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1st July, 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1st July, 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Sales of properties
- Property management and services
- Hotel operations

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in Notes 5 and 3 respectively.

Summary of effects arising from initial application of HKFRS 15

The application of HKFRS 15 has no significant impact on the amount of revenue in the current year and retained profits at 1st July, 2018.

The following adjustment was made to the amounts recognised in the consolidated statement of financial position at 1st July, 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 30th June, 2018	Reclassification	Carrying amounts under HKFRS 15 at 1st July, 2018
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Current liabilities			
Deposits received on sales of properties <i>(Note)</i>	1,325,650,079	(1,325,650,079)	–
Contract liabilities <i>(Note)</i>	–	1,325,650,079	1,325,650,079
	<hr style="border: 0.5px solid black;"/>	<hr style="border: 0.5px solid black;"/>	<hr style="border: 0.5px solid black;"/>

Note: At the date of initial application, deposits received on sales of properties of HK\$1,325,650,079 were reclassified to contract liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

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

2.1 HKFRS 15 “Revenue from Contracts with Customers” (Continued)

Summary of effects arising from initial application of HKFRS 15 (Continued)

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 30th June, 2019 and its consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported HK\$	Reclassification HK\$	Amounts without application of HKFRS 15 HK\$
Current liabilities			
Deposits received on sales of properties	–	16,208,373,613	16,208,373,613
Contract liabilities	16,208,373,613	(16,208,373,613)	–
	<u>16,208,373,613</u>	<u>(16,208,373,613)</u>	<u>–</u>

Impact on the consolidated statement of cash flows

	As reported HK\$	Reclassification HK\$	Amounts without application of HKFRS 15 HK\$
Operating activities			
Increase in deposits received on sales of properties	–	14,882,723,534	14,882,723,534
Increase in contract liabilities	14,882,723,534	(14,882,723,534)	–
	<u>14,882,723,534</u>	<u>(14,882,723,534)</u>	<u>–</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

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

2.2 HKFRS 9 “*Financial Instruments*”

In the current year, the Group has applied HKFRS 9 “*Financial Instruments*” and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses (“ECL”) for financial assets; and (iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1st July, 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1st July, 2018. The difference between carrying amounts as at 30th June, 2018 and the carrying amounts as at 1st July, 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “*Financial Instruments: Recognition and Measurement*”.

Accounting policies resulting from application of HKFRS 9 are disclosed in Note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

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

2.2 HKFRS 9 “Financial Instruments” (Continued)

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1st July, 2018.

	Other asset HK\$	Available- for-sale investments HK\$	Equity instruments at FVTOCI HK\$	Investment revaluation reserve HK\$	Retained profits HK\$
Closing balance at 30th June, 2018					
– HKAS 39	–	916,125,322	–	173,425,953	94,428,797,137
Reclassification from available-for-sale investments (Note a)	300,000	(916,125,322)	915,825,322	(438,077,414)	438,077,414
Opening balance at 1st July, 2018					
– HKFRS 9	300,000	–	915,825,322	(264,651,461)	94,866,874,551

Notes:

(a) Available-for-sale investments

The Group elected to present in other comprehensive income (“OCI”) for the fair value changes of all its equity investments previously classified as available-for-sale investments. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK\$915,825,322 was reclassified from available-for-sale investments to equity instruments at FVTOCI. The fair value gains of HK\$173,425,953 relating to those investments continued to accumulate in investment revaluation reserve.

Impairment loss previously recognised on available-for-sale investments now classified as equity instruments at FVTOCI under HKFRS 9 of HK\$438,077,414 was transferred from retained profits to investment revaluation reserve as at 1st July, 2018. In addition, the Group’s club debenture of HK\$300,000 was reclassified from available-for-sale investments to other asset.

(b) Impairment under ECL model

As at 1st July, 2018, the Directors of the Company reviewed and assessed the Group’s existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The application of the ECL model of HKFRS 9 has no material impact on the accumulated amounts of impairment losses of the Group as at 1st July, 2018 as compared to the accumulated amounts recognised under HKAS 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(Continued)***New and amendments to HKFRSs in issue but not yet effective**

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

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ⁵
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ²
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle ¹

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

² Effective for annual periods beginning on or after 1st January, 2020

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1st January, 2020

⁵ Effective for annual periods beginning on or after 1st January, 2021

Except for the new HKFRS mentioned below, the Directors of the Company anticipate that the application of all other new and amendments and an interpretation to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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 “Lease” 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. HKFRS 16 also includes requirements relating to lease modifications.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

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

HKFRS 16 “Leases” *(Continued)*

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. Upon application of 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 by the Group, upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance with the nature.

Other than certain requirements which are also applicable to lessor, 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, 2019, the Group has non-cancellable operating lease commitments of HK\$92,634,364 as disclosed in Note 40. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, 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.

In addition, the Group currently considers refundable rental deposits paid and refundable rental deposits received as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 “*Determining whether an Arrangement contains a Lease*” and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

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 22. 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.

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, 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, 2019

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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

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 HKFRS 9/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, 2019

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.

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. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

The Group assess whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

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 HKFRS 9/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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

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

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

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

Interests in joint operations

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on tangible assets

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

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

Properties under development

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

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

Stocks of completed properties

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

Hotel inventories

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

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

The Group as lessor

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

The Group as lessee

Operating lease payments, 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.

Leasehold land and building

When the Group makes payments for property interests which includes both leasehold 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 entire consideration (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 initial recognition.

To the extent the allocation of the relevant 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 leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. 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 market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1st July, 2018. 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 FVTPL) 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 FVTPL are recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points 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 financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Dividend income and interest income from loans receivable which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/ initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "*Business Combinations*" applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "revenue" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, advances to associates/joint ventures, loans receivable, amounts due from associates/joint ventures/non-controlling interests, restricted bank deposits, time deposits, bank balances and financial guarantee contracts). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) (Continued)

(i) Significant increase in credit risk *(Continued)*

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition, the Group considers the changes in the risk that the specified debtor will default on the contract.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been bankrupted. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2)
(Continued)

(v) Measurement and recognition of ECL *(Continued)*

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and long-term loans receivable are each assessed as a separate group. Advances to and amounts due from related parties are assessed for expected credit losses on an individual basis); and
- Past-due status.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and long-term loans receivable where the corresponding adjustment is recognised through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1st July, 2018)

The Group's financial assets are classified into one of the three categories, including financial assets at FVTPL, 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.

Financial assets at FVTPL

Financial assets at FVTPL 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 FVTPL 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 trade and other receivables, advances to associates/joint ventures, 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, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1st July, 2018) (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 FVTPL, 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 (before application of HKFRS 9 on 1st July, 2018)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (before application of HKFRS 9 on 1st July, 2018) (Continued)

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

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

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

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (before application of HKFRS 9 on 1st July, 2018) *(Continued)*

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to associates/joint ventures/non-controlling interests, bank borrowings 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:

- the amount of the loss allowance determined in accordance with HKFRS 9 (since 1st July, 2018)/HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" (before application of HKFRS 9 on 1st July, 2018); and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

On derecognition of an available-for-sale financial asset, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

Financial liabilities are derecognised when, and only when the Group's obligations 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 from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2)

Under HKFRS 15, the Group 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.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2) *(Continued)*

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations (hotel room revenue and other ancillary services), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 2) *(Continued)*

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The asset is included in trade and other receivables and is subject to impairment review.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Revenue recognition (prior to 1st July, 2018)

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

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

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

- (b) Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.
- (c) Property management and service fee income is recognised when the services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition (prior to 1st July, 2018) *(Continued)*

- (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, 2019

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.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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.

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 and Enterprise Income Tax payable upon sales of those investment properties in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

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

Key sources of estimation uncertainty

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

Estimated net realisable value on properties under development

In determining whether allowances should be made for the Group's properties under development, the Group takes into consideration the current market environment and the estimated 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\$25,866,538,169 (2018: HK\$24,892,353,735).

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\$1,732,436,869 (2018: HK\$2,139,272,389).

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, 2019, the carrying amount of the hotel properties is HK\$1,892,461,633 net of accumulated amortisation and depreciation of HK\$358,986,685 (2018: HK\$1,914,892,089 net of accumulated amortisation and depreciation of HK\$319,000,796). 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, 2019 at their fair value of HK\$65,035,087,581 (2018: HK\$62,712,904,952). 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, 2019

5. REVENUE

(i) Disaggregation of revenue

	2019 HK\$	2018 HK\$
Sales of properties	2,541,762,910	5,478,521,456
Property management and service	1,097,627,033	1,078,665,248
Hotel operations	<u>933,806,583</u>	<u>889,779,489</u>
Revenue from goods and services	4,573,196,526	7,446,966,193
Gross rental income from properties	3,327,376,741	3,185,878,579
Interest income from loans receivable	61,039,744	54,410,667
Dividend income		
Listed investments	44,092,667	42,756,044
Unlisted investments	<u>4,206,900</u>	<u>222,900</u>
	<u>8,009,912,578</u>	<u>10,730,234,383</u>

For the year ended 30th June, 2019, revenue from contracts with customers recognised over time mainly consists of property management and service fee income and hotel room revenue of HK\$1,097,627,033 and HK\$464,816,978 respectively. The revenue recognised at a point in time mainly consists of income from sales of properties and income from hotel food and beverage sales of HK\$2,541,762,910 and HK\$468,989,605 respectively.

(ii) Performance obligations for contracts with customers

Revenue from sales of properties is recognised at a point in time when the customer obtains the control of the completed properties.

Revenue from property management and service fee income and hotel room revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Revenue from hotel food and beverage sales is recognised at a point in time when the food and beverage are served.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

5. REVENUE *(Continued)***(iii) Transaction price allocated to the remaining performance obligation for contracts with customers**

The transaction price allocated to the remaining performance obligations (unsatisfied) regarding contracts for sales of properties as at 30th June, 2019 and the expected timing of recognising revenue are as follows:

	2019 HK\$
Within one year	491,147,733
Over one year	<u>22,452,108,836</u>
	<u>22,943,256,569</u>

The amounts disclosed above do not include unsatisfied performance obligation that are related to the Group's contracts with an original duration of one year or less.

Contracts for property management and service fee income have various contractual periods for which the Group bills fixed amount for each month of service provided. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

All contracts in relation to revenue from hotel operations are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

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, being the Directors of the Company, 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, 2019

	The Company and its subsidiaries		Associates and joint ventures		Total	
	External revenue <i>HK\$</i>	Results <i>HK\$</i>	Share of revenue <i>HK\$</i>	Share of results <i>HK\$</i>	Segment revenue <i>HK\$</i>	Segment results <i>HK\$</i>
Property						
Property sales	2,541,762,910	827,959,801	444,718,168	216,705,676	2,986,481,078	1,044,665,477
Property rental	3,327,376,741	2,850,198,493	947,002,784	859,888,683	4,274,379,525	3,710,087,176
	5,869,139,651	3,678,158,294	1,391,720,952	1,076,594,359	7,260,860,603	4,754,752,653
Property management and other services	1,097,627,033	218,765,642	124,625,257	32,728,094	1,222,252,290	251,493,736
Hotel operations	933,806,583	349,082,203	419,236,692	188,290,291	1,353,043,275	537,372,494
Investments in securities	48,299,567	48,299,567	3,900	3,900	48,303,467	48,303,467
Financing	61,039,744	61,039,744	14,893,741	14,893,741	75,933,485	75,933,485
	<u>8,009,912,578</u>	<u>4,355,345,450</u>	<u>1,950,480,542</u>	<u>1,312,510,385</u>	<u>9,960,393,120</u>	<u>5,667,855,835</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

6. OPERATING SEGMENTS *(Continued)*

Segment assets

As at 30th June, 2019

	The Company and its subsidiaries <i>HK\$</i>	Associates and joint ventures <i>HK\$</i>	Total <i>HK\$</i>
Property			
Property sales	27,844,528,899	6,999,412,496	34,843,941,395
Property rental	<u>65,437,646,166</u>	<u>16,266,060,694</u>	<u>81,703,706,860</u>
	93,282,175,065	23,265,473,190	116,547,648,255
Property management and other services	527,895,512	47,999,782	575,895,294
Hotel operations	3,282,665,850	769,054,012	4,051,719,862
Investments in securities	923,823,343	1,175,740,828	2,099,564,171
Financing	<u>18,218,959,583</u>	<u>30,750,246</u>	<u>18,249,709,829</u>
Segment assets	<u>116,235,519,353</u>	<u>25,289,018,058</u>	141,524,537,411
Restricted bank deposits, time deposits, bank balances and cash			39,073,955,724
Taxation recoverable			<u>149,887,249</u>
Total assets			<u>180,748,380,384</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

6. OPERATING SEGMENTS (Continued)

Other information

For the year ended 30th June, 2019

	Property sales HK\$	Property rental HK\$	Property management and other services HK\$	Hotel operations HK\$	Investments in securities HK\$	Financing HK\$	Consolidated HK\$
Amounts included in the measure of segment assets:							
Capital additions							
– Property, plant and equipment	2,691,935	1,319,786	26,482,473	35,781,065	–	–	66,275,259
– Investment properties	–	181,518,093	–	–	–	–	181,518,093
– Hotel properties	–	–	–	7,140,582	–	–	7,140,582
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	–	1,965,519,436	–	–	–	–	1,965,519,436
Amortisation and depreciation							
– Property, plant and equipment	(1,883,857)	(3,744,264)	(13,294,455)	(65,179,876)	(47,446)	–	(84,149,898)
– Hotel properties	–	–	–	(38,288,906)	–	–	(38,288,906)
– Prepaid lease payments	–	–	–	(20,081,810)	–	–	(20,081,810)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

6. OPERATING SEGMENTS (Continued)

Segment results

For the year ended 30th June, 2018

	The Company and its subsidiaries		Associates and joint ventures		Total	
	External revenue	Results	Share of revenue	Share of results	Segment revenue	Segment results
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Property						
Property sales	5,478,521,456	1,310,903,127	3,412,001,416	1,123,803,879	8,890,522,872	2,434,707,006
Property rental	3,185,878,579	2,749,683,860	918,784,593	841,065,965	4,104,663,172	3,590,749,825
	8,664,400,035	4,060,586,987	4,330,786,009	1,964,869,844	12,995,186,044	6,025,456,831
Property management and other services	1,078,665,248	253,447,720	105,281,165	17,045,552	1,183,946,413	270,493,272
Hotel operations	889,779,489	319,580,901	454,169,953	230,774,473	1,343,949,442	550,355,374
Investments in securities	42,978,944	42,978,944	3,900	3,900	42,982,844	42,982,844
Financing	54,410,667	54,410,667	13,900,070	13,900,070	68,310,737	68,310,737
	<u>10,730,234,383</u>	<u>4,731,005,219</u>	<u>4,904,141,097</u>	<u>2,226,593,839</u>	<u>15,634,375,480</u>	<u>6,957,599,058</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

6. OPERATING SEGMENTS (Continued)

Segment assets

As at 30th June, 2018

	The Company and its subsidiaries HK\$	Associates and joint ventures HK\$	Total HK\$
Property			
Property sales	27,202,038,242	6,657,855,467	33,859,893,709
Property rental	<u>63,087,113,133</u>	<u>15,791,275,549</u>	<u>78,878,388,682</u>
	90,289,151,375	22,449,131,016	112,738,282,391
Property management and other services	350,104,760	39,814,762	389,919,522
Hotel operations	3,346,641,739	842,741,581	4,189,383,320
Investments in securities	1,008,099,214	64,959,622	1,073,058,836
Financing	<u>18,300,744,500</u>	<u>22,605,234</u>	<u>18,323,349,734</u>
Segment assets	<u>113,294,741,588</u>	<u>23,419,252,215</u>	136,713,993,803
Restricted bank deposits, time deposits, bank balances and cash			22,393,263,693
Taxation recoverable			<u>139,032</u>
Total assets			<u>159,107,396,528</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

6. OPERATING SEGMENTS (Continued)

Other information

For the year ended 30th June, 2018

	Property sales HK\$	Property rental HK\$	Property management and other services HK\$	Hotel operations HK\$	Investments in securities HK\$	Financing HK\$	Consolidated HK\$
Amounts included in the measure of segment assets:							
Capital additions							
- Property, plant and equipment	2,107,507	2,268,519	9,843,586	96,735,094	47,693	-	111,002,399
- Investment properties	-	146,671,207	-	-	-	-	146,671,207
- Hotel properties	-	-	-	6,648,685	-	-	6,648,685
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	-	927,408,331	-	-	-	-	927,408,331
Amortisation and depreciation							
- Property, plant and equipment	(1,960,933)	(3,904,411)	(12,183,588)	(56,779,286)	(42,677)	-	(74,870,895)
- Hotel properties	-	-	-	(35,370,584)	-	-	(35,370,584)
- Prepaid lease payments	-	-	-	(19,925,406)	-	-	(19,925,406)

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 financial assets at FVTPL, gain on disposal of investment properties, gain on disposal of a subsidiary 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, 2019

6. OPERATING SEGMENTS (Continued)

Reconciliation of profit before taxation

	2019 HK\$	2018 HK\$
Segment profit	5,667,855,835	6,957,599,058
Change in fair value of investment properties	1,965,519,436	927,408,331
Other income and other gains or losses	92,222,088	705,858,096
Change in fair value of financial assets at FVTPL	1,214,679	279,580
Gain on disposal of investment properties	77,044,126	25,359,937
Gain on disposal of a subsidiary	49,855,396	7,054,614,889
Administrative expenses and other operating expenses	(998,108,184)	(872,531,845)
Finance income, net	580,877,000	507,550,396
Results shared from associates and joint ventures		
– Other income and other gains or losses	117,140,533	(131,998,448)
– Change in fair value of investment properties	619,869,986	1,518,907,692
– Gain on disposal of investment properties	146,034,360	3,187,350
– Administrative expenses and other operating expenses	(230,876,396)	(220,714,492)
– Finance costs, net	(29,409,561)	(201,019,182)
– Income tax expense	(340,770,887)	(608,699,507)
	<u>281,988,035</u>	<u>359,663,413</u>
Profit before taxation	<u>7,718,468,411</u>	<u>15,665,801,855</u>

During the year ended 30th June, 2019, inter-segment sales of HK\$79,954,549 (2018: HK\$54,318,404) 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, 2019

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	
	2019	2018	2019	2018	2019	2018
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Hong Kong	6,720,664,614	8,555,707,572	1,499,351,545	3,873,001,543	81,149,544,406	77,943,804,038
The PRC	263,655,479	1,194,935,309	259,707,011	811,288,985	8,022,935,962	6,996,103,900
Singapore	1,025,592,485	979,591,502	–	–	4,160,239,426	4,209,255,440
Australia	–	–	191,421,986	219,850,569	207,001,090	253,925,556
	<u>8,009,912,578</u>	<u>10,730,234,383</u>	<u>1,950,480,542</u>	<u>4,904,141,097</u>	<u>93,539,720,884</u>	<u>89,403,088,934</u>

Information about major customers

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

7. FINANCE INCOME

	2019 HK\$	2018 HK\$
Interest income on:		
advances to associates and joint ventures	35,523,521	43,856,575
bank deposits	564,324,799	378,474,719
Imputed interest income on non-current interest-free		
advances to associates and joint ventures	43,403,893	142,769,554
	<u>643,252,213</u>	<u>565,100,848</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

8. FINANCE COSTS

	2019 HK\$	2018 HK\$
Interest and other finance costs on:		
bank loans	98,509,764	63,792,454
other loans	4,852,656	2,853,709
Imputed interest expense on non-current interest-free advances from associates and non-controlling interests	<u>31,238,107</u>	<u>33,000,508</u>
	134,600,527	99,646,671
Less: Amounts capitalised to properties under development	<u>(74,471,973)</u>	<u>(46,634,202)</u>
	<u>60,128,554</u>	<u>53,012,469</u>

9. SHARE OF RESULTS OF ASSOCIATES

	2019 HK\$	2018 HK\$
Share of results of associates comprises:		
Share of profits of associates	1,696,992,211	2,937,831,313
Share of taxation of associates	<u>(318,972,208)</u>	<u>(579,454,283)</u>
	<u>1,378,020,003</u>	<u>2,358,377,030</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\$500,137,069 (2018: HK\$1,165,421,179) recognised in the statement of profit or loss of the associates.

10. SHARE OF RESULTS OF JOINT VENTURES

	2019 HK\$	2018 HK\$
Share of results of joint ventures comprises:		
Share of profits of joint ventures	238,277,096	257,125,445
Share of taxation of joint ventures	<u>(21,798,679)</u>	<u>(29,245,223)</u>
	<u>216,478,417</u>	<u>227,880,222</u>

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\$91,204,109 (2018: HK\$146,251,675) recognised in the statement of profit or loss of the joint ventures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

11. PROFIT BEFORE TAXATION

	2019 HK\$	2018 HK\$
Profit before taxation has been arrived at after charging (crediting):		
Staff costs including Directors' remuneration <i>(Note 12)</i> :		
Staff salaries and other benefits	1,564,029,178	1,523,767,158
Retirement benefit scheme contributions	<u>61,334,020</u>	<u>60,281,613</u>
Total staff costs	<u>1,625,363,198</u>	<u>1,584,048,771</u>
Release of prepaid lease payments (included in other operating expenses)	20,081,810	19,925,406
Auditor's remuneration		
– audit services	5,056,938	4,781,527
– non-audit services	680,000	466,000
Cost of hotel inventories consumed (included in direct expenses)	119,720,659	114,413,780
Cost of properties sold	1,319,224,798	3,659,505,877
Amortisation and depreciation of property, plant and equipment and hotel properties (included in other operating expenses)	122,438,804	110,241,479
Loss on disposal of property, plant and equipment	1,167,883	1,066,218
Property, plant and equipment written off	22,308	400
Impairment loss on trade receivables, net of reversal	2,888,582	1,114,139
Gain on disposal of an associate (included in other income and other gains or losses) <i>(Note 21)</i>	<u>–</u>	<u>(542,434,342)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

12. DIRECTORS' AND CHAIRMAN'S EMOLUMENTS

The emoluments paid or payable to each of the eleven (2018: eleven) 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:

2019

	Mr. Robert Ng Chee Siang [^] <i>HK\$</i> <i>(Note ij)</i>	Mr. Daryl Ng Win Kong [^] <i>HK\$</i>	Mr. Ringo Chan Wing Kwong [^] <i>HK\$</i>	Ms. Alice Ip Mo Lin [^] <i>HK\$</i> <i>(Note vi)</i>	Mr. Gordon Lee Ching Keung [^] <i>HK\$</i>	Mr. Sunny Yeung Kwong [^] <i>HK\$</i> <i>(Notes iii and iv)</i>	The Honourable Ronald Joseph Arculli [*] <i>HK\$</i> <i>(Note v)</i>	Dr. Allan Zeman [*] <i>HK\$</i> <i>(Note v)</i>	Mr. Adrian David Li Man-kiu [*] <i>HK\$</i> <i>(Note v)</i>	Mr. Steven Ong Kay Eng [*] <i>HK\$</i> <i>(Note v)</i>	Mr. Wong Cho Bau [*] <i>HK\$</i> <i>(Note v)</i>	Total <i>HK\$</i>
Fees	40,000	30,000	35,840	26,700	20,000	20,000	200,000	340,000	340,000	330,000	200,000	1,582,540
Salaries and other benefits	1,227,146	956,750	4,377,500	3,764,826	6,173,916	6,134,406	-	-	-	-	-	22,634,544
Retirement benefit scheme contributions	-	18,000	42,000	18,000	24,000	24,000	-	-	-	-	-	126,000
Discretionary bonus <i>(Note ij)</i>	-	767,560	1,219,930	2,446,895	1,940,000	1,993,840	-	-	-	-	-	8,368,225
Total emoluments	<u>1,267,146</u>	<u>1,772,310</u>	<u>5,675,270</u>	<u>6,256,421</u>	<u>8,157,916</u>	<u>8,172,246</u>	<u>200,000</u>	<u>340,000</u>	<u>340,000</u>	<u>330,000</u>	<u>200,000</u>	<u>32,711,309</u>

2018

	Mr. Robert Ng Chee Siang [^] <i>HK\$</i> <i>(Note ij)</i>	Mr. Daryl Ng Win Kong [^] <i>HK\$</i>	Mr. Ringo Chan Wing Kwong [^] <i>HK\$</i>	Ms. Alice Ip Mo Lin [^] <i>HK\$</i>	Mr. Gordon Lee Ching Keung [^] <i>HK\$</i>	Mr. Sunny Yeung Kwong [^] <i>HK\$</i> <i>(Note iii)</i>	The Honourable Ronald Joseph Arculli [*] <i>HK\$</i> <i>(Note iii)</i>	Dr. Allan Zeman [*] <i>HK\$</i>	Mr. Adrian David Li Man-kiu [*] <i>HK\$</i>	Mr. Steven Ong Kay Eng [*] <i>HK\$</i>	Mr. Wong Cho Bau [*] <i>HK\$</i>	Total <i>HK\$</i>
Fees	40,000	30,000	35,000	40,000	20,000	20,000	170,000	310,000	310,000	300,000	170,000	1,445,000
Salaries and other benefits	1,226,887	931,184	4,168,288	5,261,402	5,822,853	5,893,527	-	-	-	-	-	23,304,141
Retirement benefit scheme contributions	18,000	18,000	42,000	24,000	24,000	20,500	-	-	-	-	-	146,500
Discretionary bonus <i>(Note ij)</i>	-	741,600	2,078,675	1,486,940	1,381,575	1,685,600	-	-	-	-	-	7,374,390
Total emoluments	<u>1,284,887</u>	<u>1,720,784</u>	<u>6,323,963</u>	<u>6,812,342</u>	<u>7,248,428</u>	<u>7,619,627</u>	<u>170,000</u>	<u>310,000</u>	<u>310,000</u>	<u>300,000</u>	<u>170,000</u>	<u>32,270,031</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

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

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: A consultancy fee of HK\$1,666,664 (2018: HK\$1,666,664) was paid to Ronald Arculli and Associates, of which The Honourable Ronald Joseph Arculli is the sole proprietor.

Note iv: The Honourable Ronald Joseph Arculli retired by rotation and was re-appointed as a Non-Executive Director of the Company on 25th October, 2018.

Note v: Dr. Allan Zeman, Mr. Steven Ong Kay Eng and Mr. Wong Cho Bau retired by rotation and were re-appointed as Independent Non-Executive Directors of the Company on 25th October, 2018.

Note vi: Ms. Alice Ip Mo Lin retired as an Executive Director of the Company on 11th February, 2019.

Note vii: 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)

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2018: three) are Directors of the Company whose emoluments are included in Note 12 above. The emoluments of the remaining two (2018: two) individuals disclosed pursuant to the Listing Rules are as follows:

	2019 HK\$	2018 HK\$
Salaries and other emoluments (including basic salaries, housing allowances and other allowances)	10,924,118	10,333,155
Retirement benefit scheme contributions	42,000	48,000
Discretionary bonus	1,546,100	3,316,195
	<u>12,512,218</u>	<u>13,697,350</u>

Discretionary bonus is determined primarily based on the performance of each employee and the profitability of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

13. EMPLOYEES' EMOLUMENTS (Continued)

The emoluments of the remaining two (2018: two) individuals were within the following bands:

	Number of individuals	
	2019	2018
HK\$		
6,000,001 – 6,500,000	2	–
6,500,001 – 7,000,000	–	2
	<u> </u>	<u> </u>

For the years ended 30th June, 2019 and 2018, 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.

14. INCOME TAX EXPENSE

	2019	2018
	HK\$	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% (2018: 16.5%)	441,737,849	456,120,543
Under(over)provision in previous years	3,188,986	(1,834,021)
	<u>444,926,835</u>	<u>454,286,522</u>
Taxation in other jurisdictions		
Provision for the year	117,587,365	170,975,799
Under(over)provision in previous years	2,143,550	(35,687,177)
Land Appreciation Tax in the PRC	52,905,933	149,428,145
Enterprise Income Tax on the disposals of a subsidiary and an associate	–	692,982,405
	<u>172,636,848</u>	<u>977,699,172</u>
	617,563,683	1,431,985,694
Deferred taxation (Note 33)	<u>96,084,927</u>	<u>199,681,906</u>
	713,648,610	1,631,667,600

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, 2019

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:

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Profit before taxation	7,718,468,411	15,665,801,855
Tax charge at Hong Kong Profits Tax rate of 16.5% (2018: 16.5%)	1,273,547,288	2,584,857,306
Tax effect of share of results of associates and joint ventures	(263,092,239)	(426,732,447)
Tax effect of expenses not deductible for tax purpose	28,133,212	12,526,684
Tax effect of income not taxable for tax purpose	(489,513,027)	(256,996,607)
Under(over)provision in previous years	5,332,536	(37,521,198)
Tax effect of tax losses not recognised	11,083,222	5,166,967
Tax effect of deductible temporary differences not recognised	29,358,840	37,742,856
Utilisation of tax losses previously not recognised	(22,794,265)	(12,831,351)
Utilisation of deductible temporary differences previously not recognised	(9,818,981)	(23,205,511)
Effect of different tax rates of subsidiaries operating in other jurisdictions	98,506,091	(400,767,244)
Land Appreciation Tax in the PRC	52,905,933	149,428,145
Tax charge for the year	713,648,610	1,631,667,600

15. DIVIDENDS

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Dividends recognised as distribution during the year:		
Final dividend for the year ended 30th June, 2018: HK40 cents (2018: HK40 cents for the year ended 30th June, 2017) per share	2,641,224,521	2,526,229,908
Interim dividend for the year ended 30th June, 2019: HK14 cents (2018: HK13 cents for the year ended 30th June, 2018) per share	946,414,707	838,300,093
Special dividend for the year ended 30th June, 2019: Nil (2018: HK45 cents for the year ended 30th June, 2018) per share	–	2,901,808,013
	3,587,639,228	6,266,338,014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

15. DIVIDENDS *(Continued)*

During the year, scrip dividends were offered in respect of the 2018 final dividend and 2019 interim dividend. These scrip alternatives were accepted by certain shareholders, as follows:

	2019 Interim dividend <i>HK\$</i>	2018 Final dividend <i>HK\$</i>
Dividends:		
Cash	120,202,370	702,676,570
Scrip alternatives	<u>826,212,337</u>	<u>1,938,547,951</u>
	<u>946,414,707</u>	<u>2,641,224,521</u>

A final dividend of HK41 cents (2018: HK40 cents) per share for the year ended 30th June, 2019, totalling HK\$2,794,966,330 based on 6,816,991,049 shares (2018: HK\$2,641,224,521 based on 6,603,061,302 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 3rd December, 2019.

On 4th December, 2018, the Company issued and allotted a total of 157,043,742 (2018: 133,807,481) ordinary shares at an issue price of HK\$12.344 (2018: HK\$13.508) per ordinary share to the shareholders in lieu of cash for the 2018 final dividend (2018: 2017 final dividend).

On 23rd April, 2019, the Company issued and allotted a total of 56,886,005 ordinary shares at an issue price of HK\$14.524 per ordinary share to the shareholders in lieu of cash for the 2019 interim dividend.

On 20th April, 2018, the Company issued and allotted a total of 34,641,359 ordinary shares and 119,957,691 ordinary shares at an issue price of HK\$13.984 and HK\$13.984 per ordinary share to the shareholders in lieu of cash for the 2018 interim dividend and special dividend respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

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:

	2019	2018
	<i>HK\$</i>	<i>HK\$</i>
Earnings for the purpose of basic earnings per share	<u>6,914,903,934</u>	<u>13,995,949,179</u>
	Number	Number
	of shares	of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>6,703,738,772</u>	<u>6,421,831,449</u>

No diluted earnings per share has been presented for the years ended 30th June, 2019 and 2018 as there were no potential ordinary shares outstanding during the current and prior years.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic earnings per share calculated based on the underlying profit attributable to the Company's shareholders of HK\$4,671,078,053 (2018: HK\$11,247,096,992 (restated)) is also presented, excluding the net effect of changes in fair value of investment properties of the Group and its associates and joint ventures and fair value adjustment of the residual interest arising from the disposal of a subsidiary, taking into account tax effect and the amount attributable to the Company's shareholders. The denominators used are the same as those detailed above for reported earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

16. EARNINGS PER SHARE (Continued)

(b) Underlying earnings per share (Continued)

A reconciliation of profit is as follows:

	2019 HK\$	2018 HK\$
Earnings for the purpose of basic earnings per share	<u>6,914,903,934</u>	<u>13,995,949,179</u>
Change in fair value of investment properties	(1,965,519,436)	(927,408,331)
Effect of corresponding deferred taxation charges	82,012,224	36,890,999
Share of results of associates		
– Change in fair value of investment properties	(528,665,877)	(1,372,656,017)
– Effect of corresponding deferred taxation charges	28,528,808	207,234,838
Share of results of joint ventures		
– Change in fair value of investment properties	<u>(91,204,109)</u>	<u>(146,251,675)</u>
	(2,474,848,390)	(2,202,190,186)
Amount attributable to non-controlling interests	<u>59,147,350</u>	<u>18,100,815</u>
Unrealised change in fair value of investment properties attributable to the Company's shareholders	(2,415,701,040)	(2,184,089,371)
Realised fair value gain on investment properties disposed of during the year, net of taxation	156,618,785	10,571,827*
Fair value gain on the residual interest arising from the disposal of a subsidiary	–	(761,878,226)
Realised fair value gain on the disposal of a subsidiary upon sales of the underlying properties in current year	<u>15,256,374</u>	<u>186,543,583*</u>
	<u>(2,243,825,881)</u>	<u>(2,748,852,187)</u>
Underlying profit attributable to the Company's shareholders	<u>4,671,078,053</u>	<u>11,247,096,992</u>
Underlying earnings per share	<u>0.69</u>	<u>1.75*</u>

* The comparative underlying profit and underlying earnings per share for the year ended 30th June, 2018 have been restated to conform to the current year's presentation basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

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, 2017	58,106,095,778	–	2,046,617,156	1,208,082,750	61,360,795,684
Exchange realignment	–	–	59,902,219	12,671,100	72,573,319
Additions	136,705,321	2,150,806	260,674	7,554,406	146,671,207
Transfer from properties under development	198,492,157	–	43,077,750	–	241,569,907
Transfer to investment properties under redevelopment	(93,000,000)	93,000,000	–	–	–
Disposals	(14,775,062)	–	(11,311,744)	–	(26,086,806)
Adjustments to construction costs	(4,096,460)	–	(5,930,230)	–	(10,026,690)
Change in fair value	837,720,280	(2,150,806)	58,346,063	33,492,794	927,408,331
At 30th June, 2018	59,167,142,014	93,000,000	2,190,961,888	1,261,801,050	62,712,904,952
Exchange realignment	–	–	(90,224,632)	6,826,200	(83,398,432)
Additions	177,717,626	2,563,500	572,212	664,755	181,518,093
Transfer from properties under development	461,070,831	–	18,241,310	–	479,312,141
Disposals	(22,856,959)	–	(129,437,002)	–	(152,293,961)
Disposal of a subsidiary (Note 36)	(62,000,000)	–	–	–	(62,000,000)
Adjustments to construction costs	(5,227,400)	–	(1,247,248)	–	(6,474,648)
Change in fair value	1,871,126,176	(2,563,500)	97,621,515	(664,755)	1,965,519,436
At 30th June, 2019	61,586,972,288	93,000,000	2,086,488,043	1,268,627,250	65,035,087,581

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

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, 2019 and 2018, there were no transfers among Levels 1, 2 and 3.

Valuation process and methodologies

The fair values of the Group's investment properties at 30th June, 2019 and 2018 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, 2019

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% (2018: 3% – 6%)
– Residential	2% – 6% (2018: 2% – 6%)
– Retail	3% – 6% (2018: 3% – 6%)
Outside Hong Kong	
– Office	4% – 8% (2018: 4% – 8%)

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

Estimated costs to completion, developer's profit and risk margins required are estimated by valuers based on market conditions 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 decrease/increase in 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, 2019

18. HOTEL PROPERTIES

	Leasehold land in Hong Kong <i>HK\$</i>	Hotel property in Hong Kong <i>HK\$</i>	Hotel properties in Singapore <i>HK\$</i>	Total <i>HK\$</i>
COST				
At 1st July, 2017	92,900,000	217,442,406	1,897,303,212	2,207,645,618
Exchange realignment	–	–	19,598,582	19,598,582
Additions	–	943,448	5,705,237	6,648,685
	<u>92,900,000</u>	<u>218,385,854</u>	<u>1,922,607,031</u>	<u>2,233,892,885</u>
At 30th June, 2018	92,900,000	218,385,854	1,922,607,031	2,233,892,885
Exchange realignment	–	–	10,414,851	10,414,851
Additions	–	2,038,661	5,101,921	7,140,582
	<u>92,900,000</u>	<u>220,424,515</u>	<u>1,938,123,803</u>	<u>2,251,448,318</u>
At 30th June, 2019	<u>92,900,000</u>	<u>220,424,515</u>	<u>1,938,123,803</u>	<u>2,251,448,318</u>
AMORTISATION AND DEPRECIATION				
At 1st July, 2017	3,432,795	8,018,280	269,264,660	280,715,735
Exchange realignment	–	–	2,914,477	2,914,477
Provided for the year	2,574,596	6,053,743	26,742,245	35,370,584
	<u>2,574,596</u>	<u>6,053,743</u>	<u>26,742,245</u>	<u>35,370,584</u>
At 30th June, 2018	6,007,391	14,072,023	298,921,382	319,000,796
Exchange realignment	–	–	1,696,983	1,696,983
Provided for the year	2,574,596	6,114,148	29,600,162	38,288,906
	<u>2,574,596</u>	<u>6,114,148</u>	<u>29,600,162</u>	<u>38,288,906</u>
At 30th June, 2019	<u>8,581,987</u>	<u>20,186,171</u>	<u>330,218,527</u>	<u>358,986,685</u>
CARRYING VALUES				
At 30th June, 2019	<u>84,318,013</u>	<u>200,238,344</u>	<u>1,607,905,276</u>	<u>1,892,461,633</u>
At 30th June, 2018	86,892,609	204,313,831	1,623,685,649	1,914,892,089
	<u>86,892,609</u>	<u>204,313,831</u>	<u>1,623,685,649</u>	<u>1,914,892,089</u>

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, 2019

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, 2017	117,810,527	512,761,055	50,613,622	36,126,100	14,278,423	731,589,727
Exchange realignment	495,477	4,832,294	13,731	135,794	69,890	5,547,186
Additions	15,187,845	91,085,968	1,105,783	1,591,627	2,031,176	111,002,399
Write off	(1,760)	(19,850)	–	–	(8,248)	(29,858)
Disposals	(2,399,405)	(8,936,579)	–	(1,217,359)	(1,461,616)	(14,014,959)
Disposal of a subsidiary (Note 36)	(5,057,435)	(10,317,601)	(3,905,346)	(2,467,034)	–	(21,747,416)
At 30th June, 2018	126,035,249	589,405,287	47,827,790	34,169,128	14,909,625	812,347,079
Exchange realignment	113,251	2,673,624	(21,174)	(32,216)	(107,721)	2,625,764
Additions	16,422,240	36,412,941	5,629,580	6,126,617	1,683,881	66,275,259
Write off	(194,378)	(840)	(1,725,033)	–	(1,296)	(1,921,547)
Disposals	(2,925,491)	(5,822,338)	(1,441,797)	(2,058,246)	(894,961)	(13,142,833)
At 30th June, 2019	139,450,871	622,668,674	50,269,366	38,205,283	15,589,528	866,183,722
DEPRECIATION						
At 1st July, 2017	95,540,614	347,783,459	44,757,445	25,312,143	9,132,312	522,525,973
Exchange realignment	396,537	3,241,023	6,717	104,999	7,970	3,757,246
Provided for the year	10,334,810	56,915,201	1,763,036	3,911,893	1,945,955	74,870,895
Write off	(1,760)	(19,850)	–	–	(7,848)	(29,458)
Eliminated on disposals	(2,407,039)	(7,701,161)	–	(1,169,562)	(1,447,923)	(12,725,685)
Eliminated on disposal of a subsidiary (Note 36)	(3,396,966)	(6,573,490)	(2,123,472)	(1,993,210)	–	(14,087,138)
At 30th June, 2018	100,466,196	393,645,182	44,403,726	26,166,263	9,630,466	574,311,833
Exchange realignment	113,231	1,822,095	(14,932)	(11,244)	(18,083)	1,891,067
Provided for the year	12,486,961	63,852,477	1,717,715	4,014,309	2,078,436	84,149,898
Write off	(194,262)	(840)	(1,703,781)	–	(356)	(1,899,239)
Eliminated on disposals	(2,657,016)	(5,338,069)	(663,466)	(1,953,213)	(894,961)	(11,506,725)
At 30th June, 2019	110,215,110	453,980,845	43,739,262	28,216,115	10,795,502	646,946,834
CARRYING VALUES						
At 30th June, 2019	29,235,761	168,687,829	6,530,104	9,989,168	4,794,026	219,236,888
At 30th June, 2018	25,569,053	195,760,105	3,424,064	8,002,865	5,279,159	238,035,246

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

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 $\frac{1}{3}$ %
Furniture, fixtures, equipment and hotel operating equipment	10% – 33 $\frac{1}{3}$ %
Leasehold improvements	20%
Motor vehicles	20% – 25%
Plant and machinery	10% – 33 $\frac{1}{3}$ %

Included in furniture, fixtures, equipment and hotel operating equipment, the carrying value of HK\$148,977,185 (2018: HK\$174,566,903) as at 30th June, 2019 represents furniture, fixtures and equipment relating to the hotel operations of the Group.

20. PREPAID LEASE PAYMENTS

	2019 HK\$	2018 HK\$
The Group's prepaid lease payments comprise:		
Leasehold land for hotel properties outside Hong Kong	<u>1,124,052,708</u>	<u>1,138,032,068</u>
Analysed for reporting purposes as:		
Current assets	20,135,984	20,027,636
Non-current assets	<u>1,103,916,724</u>	<u>1,118,004,432</u>
	<u>1,124,052,708</u>	<u>1,138,032,068</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

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

	2019	2018
	<i>HK\$</i>	<i>HK\$</i>
Interests in associates:		
Unlisted shares, at cost	5,670,522,275	4,570,304,026
Share of post-acquisition profits, net of dividends received	16,273,758,541	15,586,904,158
	<u>21,944,280,816</u>	<u>20,157,208,184</u>
Advances to associates	3,429,828,974	4,261,007,450
Less: Allowance	(1,378,269,689)	(1,402,210,589)
	<u>2,051,559,285</u>	<u>2,858,796,861</u>

Included in the cost of investment in associates is goodwill of HK\$142,498,716 (2018: 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, 2019, out of the Group's advances to associates net of allowance, HK\$130,153,825 (2018: HK\$782,444,019) bears interest and the remaining balance is interest-free. In the opinion of the Directors, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

As at 30th June, 2019, the Directors reviewed the carrying amounts of the advances to associates. The recoverable amounts of these advances to associates are determined with reference to the Directors' estimate of discounted future cash flows and financial position of these associates as at the end of the reporting period. Accordingly, no impairment loss was recognised by considering the recovery in financial condition of the respective associates.

The amounts due from associates of the Group classified under current assets are unsecured, interest-free and are expected to be repaid within one year.

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

Details of impairment assessment of advances to associates and amounts due from associates for the year ended 30th June, 2019 are set out in Note 44.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

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

On 19th October, 2015, the Group entered into an agreement with an independent third party (the "Purchaser") for the sale of a wholly-owned subsidiary 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 consideration was fully paid by the Purchaser as at 30th June, 2018. During the year ended 30th June, 2018, the disposal of the subsidiary was completed and a gain on disposal of an associate of approximately HK\$542,000,000 was recognised and included in other income and other gains or losses for that year.

Particulars of the principal associates at 30th June, 2019 and 2018 are set out in Note 49. The associates are accounted for using the equity method in these consolidated financial statements.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

21. INTERESTS IN ASSOCIATES/ADVANCES TO ASSOCIATES/AMOUNTS DUE FROM/ TO ASSOCIATES *(Continued)***Summarised financial information of material associates** *(Continued)*Great Maker Limited

Great Maker Limited is incorporated by the Group and other property developers and operates in Hong Kong. The associate is mainly engaged in property development project in Hong Kong.

	2019 HK\$	2018 HK\$
Current assets	<u>4,273,369,483</u>	<u>4,330,110,895</u>
Current liabilities	<u>2,822,331,289</u>	<u>2,513,373,206</u>
Non-current liabilities	<u>1,451,600,000</u>	<u>1,817,192,905</u>
	For the year ended 30th June,	
	2019 HK\$	2018 HK\$
Loss and total comprehensive expense for the year	<u>(106,590)</u>	<u>(153,972)</u>

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

	2019 HK\$	2018 HK\$
Net liabilities of Great Maker Limited	(561,806)	(455,216)
Proportion of the Group's ownership interest in Great Maker Limited	<u>30%</u>	<u>30%</u>
Cumulative losses in excess of cost of investment in Great Maker Limited recognised against advance to an associate	<u>(168,542)</u>	<u>(136,565)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

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

Summarised financial information of material associates (Continued)

Hua Qing Holdings Pte Ltd and its subsidiary ("Hua Qing")

Hua Qing is incorporated by the Group and other property developers and operates in the PRC. The associate is mainly engaged in property investment in the PRC.

	2019 HK\$	2018 HK\$
Current assets	<u>996,006,018</u>	<u>1,211,198,794</u>
Non-current assets	<u>14,356,795,361</u>	<u>14,445,312,462</u>
Current liabilities	<u>585,824,664</u>	<u>437,748,759</u>
Non-current liabilities	<u>3,373,687,983</u>	<u>4,268,691,292</u>

For the year ended 30th June,

	2019 HK\$	2018 HK\$
Revenue	<u>778,029,117</u>	<u>795,537,144</u>
Profit and total comprehensive income for the year	<u>443,217,527</u>	<u>3,450,687,577</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in Hua Qing recognised in the consolidated financial statements:

	2019 HK\$	2018 HK\$
Net assets of Hua Qing	<u>11,393,288,732</u>	10,950,071,205
Proportion of the Group's ownership interest in Hua Qing	<u>23.5%</u>	<u>23.5%</u>
Carrying amount of the Group's interest in Hua Qing	<u>2,680,738,299</u>	<u>2,576,453,204</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

21. INTERESTS IN ASSOCIATES/ADVANCES TO ASSOCIATES/AMOUNTS DUE FROM/TO ASSOCIATES *(Continued)***Summarised financial information of material associates** *(Continued)*Aggregate information of associates that are not individually material

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
The Group's share of profit and total comprehensive income for the year	<u>1,273,766,885</u>	<u>1,546,507,496</u>
Aggregate carrying amount of the Group's interests in these associates	<u>19,263,542,517</u>	<u>17,580,754,980</u>

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

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Interests in joint ventures:		
Unlisted shares	522,239,132	537,365,214
Share of post-acquisition profits, net of dividends received	<u>2,822,498,110</u>	<u>2,724,678,817</u>
	<u>3,344,737,242</u>	<u>3,262,044,031</u>
Advances to joint ventures	<u>7,505,992,744</u>	<u>10,843,649,095</u>

The advances to joint ventures of the Group are unsecured and have no fixed repayment terms. At 30th June, 2019, out of the Group's advances to joint ventures, HK\$5,705,499,063 (2018: HK\$8,440,900,729) bear interest and the remaining balance of HK\$1,800,493,681 (2018: HK\$2,402,748,366) is interest-free. In the opinion of the Directors, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

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

Details of impairment assessment of advances to joint ventures and amounts due from joint ventures for the year ended 30th June, 2019 are set out in Note 44.

Particulars of the principal joint ventures at 30th June, 2019 and 2018 are set out in Note 50. The joint ventures 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, 2019

22. 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.

	2019 HK\$	2018 HK\$
Current assets	<u>36,012,706</u>	<u>27,625,361</u>
Non-current assets	<u>5,320,152,501</u>	<u>5,290,095,277</u>
Current liabilities	<u>1,008,982,110</u>	<u>1,001,985,691</u>
Non-current liabilities	<u>66,403,096</u>	<u>62,791,509</u>
	For the year ended 30th June,	
	2019 HK\$	2018 HK\$
Revenue	<u>282,736,494</u>	<u>274,747,861</u>
Profit and total comprehensive income for the year	<u>197,836,563</u>	<u>254,379,067</u>
Dividend received from the joint venture during the year	<u>85,000,000</u>	<u>260,000,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

22. 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:

	2019 HK\$	2018 HK\$
Net assets of Rich Century Investment Limited	4,280,780,001	4,252,943,438
Proportion of the Group's ownership interest in Rich Century Investment Limited	<u>50%</u>	<u>50%</u>
	2,140,390,001	2,126,471,719
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>2,140,419,001</u>	<u>2,126,500,719</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.

	2019 HK\$	2018 HK\$
Current assets	<u>265,145,697</u>	<u>360,083,929</u>
Non-current assets	<u>1,726,800,000</u>	<u>1,737,000,000</u>
Current liabilities	<u>466,231,807</u>	<u>585,643,705</u>
Non-current liabilities	<u>8,560,330</u>	<u>6,549,408</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

22. 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,	
	2019 HK\$	2018 HK\$
Revenue	41,408,739	262,244,434
Profit and total comprehensive income for the year	12,262,744	159,828,137

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:

	2019 HK\$	2018 HK\$
Net assets of Grand Site Development Limited	1,517,153,560	1,504,890,816
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	758,576,780	752,445,408

Aggregate information of joint ventures that are not individually material

	2019 HK\$	2018 HK\$
The Group's share of profit and total comprehensive income for the year	111,428,763	20,776,620
Aggregate carrying amount of the Group's interests in these joint ventures	445,741,461	383,097,904

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

23. EQUITY INSTRUMENTS AT FVTOCI/AVAILABLE-FOR-SALE INVESTMENTS

Equity instruments at FVTOCI/Available-for-sale investments comprise:

	2019 HK\$	2018 HK\$
Listed investments:		
Equity securities listed in		
Hong Kong	700,359,887	737,093,810
Singapore	<u>157,618,750</u>	<u>175,769,934</u>
	<u>857,978,637</u>	<u>912,863,744</u>
Unlisted securities:		
Equity securities	2,961,578	2,961,578
Club debenture	<u>-</u>	<u>300,000</u>
	<u>2,961,578</u>	<u>3,261,578</u>
Total	<u>860,940,215</u>	<u>916,125,322</u>

As at 1st July, 2018, upon initial application of HKFRS 9, HK\$915,825,322 were reclassified from available-for-sale investments to equity instruments at FVTOCI. In addition, the Group's club debenture of HK\$300,000 was reclassified from available-for-sale investments to other asset.

These investments are not held for trading, instead, they are held for long-term strategic purposes. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Unlisted equity securities are investments in unlisted equity securities issued by private entities incorporated in Hong Kong.

At 30th June, 2019, all equity instruments at FVTOCI are stated at fair value and detail of the fair value measurements are set out in Note 44.

At 30th June, 2018, all available-for-sale investments were stated at fair value, except for those unlisted securities for which the fair values cannot be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

24. 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.

Details of impairment assessment of amounts due from non-controlling interests for the year ended 30th June, 2019 are set out in Note 44.

25. LONG-TERM LOANS RECEIVABLE

	2019 HK\$	2018 HK\$
Gross carrying amount of long-term variable-rate loans receivable	2,328,909,713	1,917,388,608
Less: Allowance for credit losses	<u>(2,245,503)</u>	<u>(12,646,510)</u>
	2,326,664,210	1,904,742,098
Less: Current portion shown under current assets	<u>(80,941,385)</u>	<u>(63,369,452)</u>
	<u>2,245,722,825</u>	<u>1,841,372,646</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.

Variable-rate loans receivable, net of allowance for credit loss, have the following maturity in accordance with the loan agreements:

	2019 HK\$	2018 HK\$
Within one year	80,941,385	63,369,452
In more than one year but not more than five years	344,805,208	287,499,461
In more than five years	<u>1,900,917,617</u>	<u>1,553,873,185</u>
	<u>2,326,664,210</u>	<u>1,904,742,098</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 (2018: ranging from within 1 to 30 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

25. LONG-TERM LOANS RECEIVABLE *(Continued)*

At 30th June, 2018, no balance had been past due nor impaired. The Group had 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 of good quality. The allowance for doubtful debts made for loans receivable are individually impaired in accordance with the credit policy of the Group. There were no movements in the allowance for doubtful debts for 30th June, 2018.

Details of impairment assessment of long-term loans receivable for the year ended 30th June, 2019 are set out in Note 44.

26. FINANCIAL ASSETS AT FVTPL

Financial assets at FVTPL comprise:

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Listed investments:		
Equity securities listed in Hong Kong	11,343,458	10,136,342
Equity securities listed elsewhere	<u>323,010</u>	<u>313,153</u>
Total	<u>11,666,468</u>	<u>10,449,495</u>

27. TRADE AND OTHER RECEIVABLES

At 30th June, 2019, included in trade and other receivables of the Group are trade receivables (net of allowance for credit losses) of HK\$218,803,996 (2018: HK\$205,530,033). Trade receivables mainly comprise rental receivables. Rental receivables are billed and payable in advance by tenants.

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Trade receivables	240,021,449	227,268,520
Less: Allowance for credit losses	<u>(21,217,453)</u>	<u>(21,738,487)</u>
Other receivables	218,803,996	205,530,033
	<u>1,021,866,458</u>	<u>808,858,303</u>
	<u>1,240,670,454</u>	<u>1,014,388,336</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

27. TRADE AND OTHER RECEIVABLES (Continued)

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.

As at 30th June, 2019 and 1st July, 2018, trade receivables (net of allowance for credit losses) from contracts with customer amounted to HK\$168,553,814 and HK\$155,469,436 respectively.

The following is an aged analysis of trade receivables (net of allowance for credit losses) at the end of the reporting period. The amounts not yet due mainly represented receivables from property management and services. The amounts overdue mainly represent rental receivables billed on a monthly basis and payable by the tenants in advance of the rental periods.

	2019 HK\$	2018 HK\$
Not yet due	33,980,445	46,456,391
Overdue:		
1 – 30 days	98,098,592	78,437,598
31 – 60 days	30,974,527	37,653,894
61 – 90 days	12,361,832	10,582,561
Over 90 days	43,388,600	32,399,589
	218,803,996	205,530,033

Movements in the allowance for doubtful debts

	HK\$
Balance at 1st July, 2017	22,336,982
Recognition of impairment loss	1,114,139
Amounts written off	<u>(1,712,634)</u>
Balance at 30th June, 2018	<u>21,738,487</u>

At 30th June, 2018, the allowance for doubtful debts made for trade receivables were individually impaired in accordance with the credit policy of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

27. TRADE AND OTHER RECEIVABLES *(Continued)***Ageing of trade receivables which are past due but not impaired**

	2018 HK\$
Overdue within 30 days	78,437,598
Overdue between 31 days and 60 days	37,653,894
Overdue between 61 days and 90 days	10,582,561
Overdue more than 90 days	<u>32,399,589</u>
	<u>159,073,642</u>

For those past due but not impaired receivables at 30th June, 2019 and 2018, although no collateral was held, the Group had assessed the creditworthiness, past payment history and subsequent settlement, and considers that the amounts were still recoverable and no further credit provision is required in excess of allowance for doubtful debts. Trade receivables overdue more than 90 days amounting to HK\$43,388,600 (2018: HK\$32,399,589) 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, 2019 and 2018 which are neither overdue nor impaired are of good quality.

Other receivables mainly comprise receivables in relation to rental, utility and other deposits paid of approximately HK\$181,000,000 (2018: HK\$173,000,000), prepayments for operating expenses of approximately HK\$28,000,000 (2018: HK\$50,000,000), other payment in advance of approximately HK\$113,000,000 (2018: HK\$202,000,000) which is mainly related to property development projects, interest receivables of approximately HK\$297,000,000 (2018: HK\$155,000,000) and prepayment for sales commissions of approximately HK\$47,000,000 (2018: Nil).

Details of impairment assessment of trade and other receivables for the year ended 30th June, 2019 are set out in Note 44.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

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

Included in restricted bank deposits amounted to HK\$383,120,841 (2018: HK\$433,239,347) 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, time deposits and bank balances carry floating interest rates, ranging from 0.001% to 3.38% (2018: 0.001% to 3.05%) per annum.

Details of impairment assessment of restricted bank deposits, time deposits and bank balances for the year ended 30th June, 2019 are set out in Note 44.

29. TRADE AND OTHER PAYABLES

At 30th June, 2019, included in trade and other payables of the Group are trade payables of HK\$115,182,425 (2018: HK\$147,047,844).

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

	2019 HK\$	2018 HK\$
0 – 30 days	69,893,706	83,491,895
31 – 60 days	20,597,271	40,951,949
61 – 90 days	1,329,600	7,500,098
Over 90 days	23,361,848	15,103,902
	<u>115,182,425</u>	<u>147,047,844</u>

Other payables mainly comprise construction cost payable of approximately HK\$857,000,000 (2018: HK\$983,000,000), rental and utilities deposits received of approximately HK\$848,000,000 (2018: HK\$813,000,000), receipt in advance of approximately HK\$2,297,000,000 (2018: HK\$3,177,000,000) which is mainly related to property development projects and rental receipt in advance of approximately HK\$164,000,000 (2018: HK\$156,000,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

30. CONTRACT LIABILITIES

As at 30th June 2019, the Group has recognised the contract liabilities of HK\$16,208,373,613 (1st July, 2018: HK\$1,325,650,079 (after the adjustments from the application of HKFRS 15)) related to property sales. No significant financing component is included in contract liabilities for both years.

The contract liabilities of the Group are all expected to be settled within the Group's normal operating cycle and thus are classified as current liabilities.

Typical payment terms in respect of sale of properties, which impact on the amount of contract liabilities recognised are as follows:

The Group receives certain percentage of the contract value as deposits from customers when they sign the sale and purchase agreements. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. The deposits and advance payment schemes result in contract liabilities being recognised throughout the property construction period until the customer obtains control of the completed property.

The following shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities.

	2019 HK\$
Revenue recognised that was included in the contract liabilities at the beginning of the year	<u>1,139,303,717</u>

31. BANK BORROWINGS

	2019 HK\$	2018 HK\$
Long-term unsecured bank borrowings		
Within one year	–	542,532,000
More than one year but not exceeding two years	1,642,996,000	–
More than two years but not exceeding five years	3,383,692,387	1,656,000,000
Long-term secured bank borrowings		
Within one year	–	177,152,111
	5,026,688,387	2,375,684,111
Less: Current portion shown under current liabilities	–	(719,684,111)
Total bank borrowings – due after one year	<u>5,026,688,387</u>	<u>1,656,000,000</u>

All of the Group's bank borrowings carry 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

32. SHARE CAPITAL

	2019		2018	
	Number of ordinary shares	Share capital HK\$	Number of ordinary shares	Share capital HK\$
Ordinary shares issued and fully paid:				
At 1st July	6,603,061,302	44,560,016,005	6,315,574,771	40,590,631,436
Issue of shares in lieu of cash dividends	213,929,747	2,764,760,288	288,406,531	3,969,384,569
Cancellation upon buy-backs of own shares	–	–	(920,000)	–
	<u>6,816,991,049</u>	<u>47,324,776,293</u>	<u>6,603,061,302</u>	<u>44,560,016,005</u>
At 30th June – ordinary shares with no par value				

On 4th December, 2018, the Company issued and allotted a total of 157,043,742 (2018: 133,807,481) ordinary shares at an issue price of HK\$12.344 (2018: HK\$13.508) per ordinary share to the shareholders in lieu of cash for the 2018 final dividend (2018: 2017 final dividend).

On 23rd April, 2019, the Company issued and allotted a total of 56,886,005 ordinary shares at an issue price of HK\$14.524 per ordinary share to the shareholders in lieu of cash for the 2019 interim dividend.

On 20th April, 2018, the Company issued and allotted a total of 34,641,359 ordinary shares and 119,957,691 ordinary shares at an issue price of HK\$13.984 and HK\$13.984 per ordinary share to the shareholders in lieu of cash for the 2018 interim dividend and special dividend respectively.

During the year ended 30th June, 2019, no ordinary share was bought back on the Stock Exchange. During the year ended 30th June, 2018, 920,000 ordinary shares bought back on the Stock Exchange were cancelled.

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, 2019

33. 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, 2017	797,969,652	1,219,079,243	202,672,690	(56,004,338)	(2,747,288)	2,160,969,959
Exchange realignment	–	24,420,317	1,106,190	–	968,154	26,494,661
Charged (credited) to profit or loss for the year	<u>40,386,464</u>	<u>39,856,359</u>	<u>117,730,759</u>	<u>2,017,363</u>	<u>(309,039)</u>	<u>199,681,906</u>
At 30th June, 2018	838,356,116	1,283,355,919	321,509,639	(53,986,975)	(2,088,173)	2,387,146,526
Exchange realignment	–	(35,939,150)	(1,551,776)	–	478,683	(37,012,243)
Disposal of a subsidiary (<i>Note 36</i>)	(865,561)	–	–	–	–	(865,561)
Charged (credited) to profit or loss for the year	<u>44,697,567</u>	<u>21,080,389</u>	<u>14,880,043</u>	<u>15,761,088</u>	<u>(334,160)</u>	<u>96,084,927</u>
At 30th June, 2019	<u>882,188,122</u>	<u>1,268,497,158</u>	<u>334,837,906</u>	<u>(38,225,887)</u>	<u>(1,943,650)</u>	<u>2,445,353,649</u>

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

At 30th June, 2019, the Group had unused tax losses of HK\$685,731,945 (2018: HK\$852,229,709) available for offset against future profits. A deferred taxation asset has been recognised in respect of HK\$231,672,042 (2018: HK\$327,193,788) of such losses. No deferred taxation asset has been recognised in respect of the remaining HK\$454,059,903 (2018: HK\$525,035,921) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

At 30th June, 2019, the Group had deductible temporary differences of HK\$605,549,618 (2018: HK\$487,126,230). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

34. ADVANCES FROM ASSOCIATES

The advances from associates of the Group are unsecured, interest-free and have no fixed repayment terms. The associates have 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 these interest-free loans is determined based on the cost-of-funds of the Group.

35. ADVANCES FROM NON-CONTROLLING INTERESTS

The advances from non-controlling interests of the Group amounting to HK\$35,644,803 (2018: HK\$11,018,987) are unsecured, bear interest at 6.25% (2018: 1% to 6.25%) per annum and have no fixed repayment terms. The remaining balance of HK\$70,934,266 (2018: HK\$1,217,936,165) is unsecured, interest-free and have no fixed repayment terms. The non-controlling shareholders have 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\$21,648,550 which was regarded as a deemed contribution from the non-controlling interests during the year ended 30th June, 2018. The effective interest rate adopted for measurement at fair value at initial recognition of the advances from non-controlling interests of subsidiaries is determined based on the cost-of-funds of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

36. DISPOSAL OF A SUBSIDIARY**(a) Disposal of Wise Mate Limited**

During the year ended 30th June, 2019, the Group disposed of its entire interest in Wise Mate Limited, a wholly-owned subsidiary of the Group, for a cash consideration of approximately HK\$112,000,000 to an independent third party. The disposal was completed on 24th June, 2019. The net assets of Wise Mate Limited at the date of disposal were as follows:

	<i>HK\$</i>
Net assets disposed of:	
Investment properties	62,000,000
Trade and other receivables	256,536
Trade and other payables	(565,210)
Amount due to a subsidiary of the Group	(23,772,312)
Taxation payables	(239,619)
Deferred taxation	(865,561)
	36,813,834
Assignment of amount due to a subsidiary of the Group to the purchaser	23,772,312
	60,586,146
Gain on disposal of a subsidiary	49,855,396
	110,441,542
Satisfied:	
Cash consideration received	111,950,019
Expenses incurred for disposal	(1,508,477)
	110,441,542
Net cash inflow arising on disposal	110,441,542

The subsidiary disposed of during the year did not contribute significantly to the revenue, operating results or cash flows to the Group for the year ended 30th June, 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

36. DISPOSAL OF A SUBSIDIARY (Continued)

(b) Partial disposal of 信和置業(成都)有限公司

During the year ended 30th June, 2018, the Group disposed of 80% equity interest in 信和置業(成都)有限公司, a wholly-owned subsidiary of the Group, for a consideration of Renminbi ("RMB") 8,767,500,000 (equivalent to approximately HK\$10,510,000,000) to an independent third party as detailed in the Company's announcement dated 7th September, 2017. The disposal was completed on 9th November, 2017 and the residual interest was accounted for as an associate upon completion. The net assets of 信和置業(成都)有限公司 at the date of disposal were as follows:

	<i>HK\$</i>
Net assets disposed of:	
Property, plant and equipment	7,660,278
Properties under development	6,285,311,977
Stocks of completed properties	67,200,692
Amount due from a subsidiary of the Group	1,205,785,467
Trade and other receivables	6,973,772
Taxation recoverable	188,609,418
Bank balances and cash	652,049,234
Trade and other payables	(263,225,794)
Deposits received on sales of properties	(3,041,208,130)
Taxation payable	(882,001)
	5,108,274,913
Fair value of residual interest in an associate	(1,783,533,209)
Reserve released upon disposal of a subsidiary	(238,051,292)
Gain on disposal of a subsidiary	7,054,614,889
	10,141,305,301
Satisfied by:	
Cash consideration received	10,510,951,530
Expenses incurred for disposal	(369,646,229)
	10,141,305,301
Net cash inflow arising on disposal:	
Cash consideration received	10,510,951,530
Less: Bank balances and cash disposed of	(652,049,234)
	9,858,902,296

The subsidiary partially disposed of during the prior year did not contribute significantly to the revenue, operating results or cash flows to the Group for the year ended 30th June, 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

37. 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, 2019 and 2018, 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:

	2019 <i>HK\$</i>	2018 <i>HK\$</i>
Investment properties	11,452,506,081	11,016,808,381
Other non-current assets	66,737	7,724,640
Current assets	21,741,031,962	15,230,617,628
	<u>33,193,604,780</u>	<u>26,255,150,649</u>
Non-current liabilities	218,267,033	203,235,112
Current liabilities	15,507,122,705	2,380,161,227
	<u>15,725,389,738</u>	<u>2,583,396,339</u>
Income	1,173,211,281	576,746,499
Expenses	316,276,387	186,840,823

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

38. PLEDGE OF ASSETS

- (a) At 30th June, 2019, certain of the Group's assets with the following carrying amounts have been pledged to secure banking facilities of the Group:

	2019	2018
	<i>HK\$</i>	<i>HK\$</i>
Investment properties	254,647,250	249,265,875
Hotel properties	778,781,122	788,325,506
Prepaid lease payments	713,044,039	723,960,135
	<u>1,746,472,411</u>	<u>1,761,551,516</u>

- (b) At 30th June, 2019, shares in certain associates and joint ventures, advances to certain associates and joint ventures in aggregate carrying amount of approximately HK\$10,025,869,000 (2018: HK\$4,354,618,000) 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 and joint ventures were jointly guaranteed by the Company and the other shareholders of the associates and joint ventures. Details of the relevant guarantees granted are set out in Note 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

39. CONTINGENT LIABILITIES

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

	2019	2018
	<i>HK\$</i>	<i>HK\$</i>
Guarantees given to banks in respect of:		
Banking facilities of an associate and joint ventures attributable to the Group		
– Utilised	5,488,625,000	2,462,157,872
– Unutilised	2,425,605,000	681,000,000
	<u>7,914,230,000</u>	<u>3,143,157,872</u>
Mortgage loans granted to property purchasers	<u>464,134,435</u>	<u>459,943,156</u>

At 30th June, 2019 and 2018, the Group issued corporate financial guarantees to banks in respect of banking facilities granted to an associate and joint ventures. 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. The amounts of loss allowances determined in accordance with HKFRS 9 (since 1st July, 2018)/HKAS 37 (before application of HKFRS 9 on 1st July, 2018) 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. The amounts of loss allowances determined in accordance with HKFRS 9 (since 1st July, 2018)/HKAS 37 (before application of HKFRS 9 on 1st July, 2018) at the end of the reporting period are insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

40. OPERATING LEASE ARRANGEMENTS

The Group as lessor

Property rental income earned during the year, net of outgoings of HK\$477,178,248 (2018: HK\$436,194,719), was HK\$2,850,198,493 (2018: HK\$2,749,683,860). 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:

	2019 HK\$	2018 HK\$
Within one year	2,332,866,766	2,066,734,047
In the second to fifth year inclusive	2,266,205,655	2,077,472,674
After five years	46,802,761	75,438,107
	<u>4,645,875,182</u>	<u>4,219,644,828</u>

The Group as lessee

Minimum lease payments paid under operating leases during the year was HK\$51,867,791 (2018: HK\$43,541,300).

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:

	2019 HK\$	2018 HK\$
Within one year	54,598,513	26,398,144
In the second to fifth year inclusive	38,035,851	10,249,255
	<u>92,634,364</u>	<u>36,647,399</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, 2019

41. 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.

42. PROPERTIES UNDER DEVELOPMENT

At the end of the reporting period, properties under development amounting to approximately HK\$25,073,902,000 (2018: HK\$23,474,650,000) were not expected to be realised within twelve months from the end of the reporting period.

43. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debts, which include bank borrowings, advances from associates/non-controlling interests, 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 were 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, 2019

44. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2019 HK\$	2018 HK\$
Financial assets		
Financial assets at FVTPL	11,666,468	10,449,495
Equity instruments at FVTOCI	860,940,215	–
Available-for-sale investments	–	916,125,322
Financial assets at amortised costs	58,124,964,478	–
Loans and receivables (including cash and cash equivalents)	–	41,285,356,480
	<u>13,677,438,156</u>	<u>11,563,470,332</u>
Financial liabilities		
Amortised costs	<u>13,677,438,156</u>	<u>11,563,470,332</u>

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, advances to associates/joint ventures, equity instruments at FVTOCI (2018: available-for-sale investments), loans receivable, financial assets at FVTPL, amounts due from/to associates/joint ventures/non-controlling interests, restricted bank deposits, time deposits, bank balances and cash, trade and other payables, bank borrowings 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

44. FINANCIAL INSTRUMENTS *(Continued)***Financial risk management objectives and policies** *(Continued)*Market risk

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

Currency risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate 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.

The carrying amounts of the Group's foreign currency denominated monetary assets (excluding equity instruments at FVTOCI (2018: available-for-sale investments)) and monetary liabilities at the end of the respective reporting periods are as follows:

	2019	2018
	<i>HK\$</i>	<i>HK\$</i>
Assets		
RMB	327,509,422	1,020,886,498
United States Dollars ("USD")	1,426,493,914	1,555,655,122
Australian Dollars ("AUD")	561,000,528	587,315,445
New Zealand Dollars ("NZD")	25,014,103	24,671,013
	<hr/>	<hr/>
Liabilities		
RMB	485,520,644	506,569,466
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

44. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)*Foreign currency sensitivity analysis*

The Group's foreign currency risk is mainly concentrated on the fluctuation of RMB, 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.

	2019 HK\$	2018 HK\$
RMB	(6,596,968)	21,472,736
AUD	23,421,772	24,520,420
NZD	1,044,339	1,030,015

Certain equity instruments at FVTOCI (2018: available-for-sale investments) are denominated in foreign currency of the group entities. For equity instruments at FVTOCI (2018: available-for-sale investments) amounted to HK\$127,995,666 (2018: HK\$142,792,853) as at 30th June, 2019, 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\$6,399,783 (2018: HK\$7,139,643) in the Group's investment revaluation reserve.

Interest rate risk

Long-term loans receivable, advances to associates, advances to joint ventures, certain trade and other payables and bank borrowings at floating rates expose the Group to cash flow interest rate risk. Advances from non-controlling interests 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 and prime rate arising from the loans receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

44. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

*Market risk (Continued)**Interest rate sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for the floating rate long-term loans receivable, advances to associates, advances to joint ventures, certain trade and other payables 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 increased/decreased by HK\$9,046,295 (2018: HK\$29,418,686).

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 equity instruments at FVTOCI (2018: available-for-sale investments) and financial assets at FVTPL 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.

	2019 HK\$	2018 HK\$
Equity instruments at FVTOCI (2018: Available-for-sale investments)		
Increase (decrease) in investment revaluation reserve		
– as a result of increase in equity price	42,898,932	45,643,187
– as a result of decrease in equity price	<u>(42,898,932)</u>	<u>(45,643,187)</u>
Financial assets at FVTPL		
Increase (decrease) in profit for the year		
– as a result of increase in equity price	487,075	436,266
– as a result of decrease in equity price	<u>(487,075)</u>	<u>(436,266)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

44. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment

As at 30th June, 2019, other than those 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 39.

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on trade receivables based on provision matrix. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

Other financial assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

44. FINANCIAL INSTRUMENTS *(Continued)***Financial risk management objectives and policies** *(Continued)*Credit risk and impairment assessment *(Continued)*

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

44. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Except for loans receivables of HK\$2,245,503 which the Group considers as credit-impaired, for other financial assets (including other receivables, loans receivable, advances to associates/joint ventures, amounts due from associates/joint ventures/non-controlling interests, restricted bank deposits, time deposits and bank balances), the Group considered these financial assets as low risk because the probability of default of the counterparties is insignificant or do not have any past due amounts. Accordingly, the Group performed impairment assessment individually based on 12m ECL and no allowance for credit losses is provided.

With respect to credit risk arising from other receivables and loans receivable, the Group's exposure to credit risk arising from default of the counterparty is limited as the counterparty has good history of repayment and/or in good financial condition and the Group does not expect to incur a significant loss for uncollected other receivables and loans receivable.

With respect to credit risk arising from advances to associates/joint ventures 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 engages in property investment or property development in Hong Kong and the underlying properties are of high quality. Accordingly, the Group does not expect to incur a significant loss for uncollected for advances to associates/joint ventures and amounts due from associates/joint ventures/non-controlling interests.

With respect to credit risks on restricted bank deposits, time deposits and bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

For trade receivables, the Group uses debtors' aging to assess the impairment for its customers in relation to its property rental operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 30th June, 2019 within lifetime ECL (not credit-impaired).

During the year ended 30th June, 2019, no allowance for credit losses is provided on overdue trade receivables with gross carrying amount HK\$206,041,004 by using provision matrix because the Group considered that credit losses on these trade receivables are insignificant.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the customers and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific customer is updated.

As at 30th June, 2019, trade receivables credit-impaired of HK\$21,217,453 were assessed individually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

44. FINANCIAL INSTRUMENTS *(Continued)***Financial risk management objectives and policies** *(Continued)*Credit risk and impairment assessment *(Continued)*

The following table shows reconciliation of loss allowance that has been recognised for trade receivables.

	Lifetime ECL (credit-impaired) <i>HK\$</i>
As at 30th June 2018 under HKAS 39 and 1st July, 2018 under HKFRS 9	21,738,487
Recognition of impairment loss	2,889,070
Reversal of impairment loss	(488)
Amounts written off	<u>(3,409,616)</u>
As at 30th June 2019	<u>21,217,453</u>

As at 30th June, 2019, the Group provided allowance for credit losses of HK\$2,245,503 for loans receivables which are credit-impaired.

The following table shows reconciliation of loss allowance that has been recognised for loans receivable.

	Lifetime ECL (credit-impaired) <i>HK\$</i>
As at 30th June 2018 under HKAS 39 and 1st July, 2018 under HKFRS 9	12,646,510
Amounts written off	<u>(10,401,007)</u>
As at 30th June 2019	<u>2,245,503</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

44. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

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.

	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\$
2019									
Trade and other payables									
non-interest bearing	N/A	1,696,053,167	35,223,903	823,911,485	639,788,701	191,937,203	14,874,079	3,401,788,538	3,401,788,538
variable rate	5.13	1,181,999	-	-	-	-	-	1,181,999	1,181,999
Other liabilities									
non-interest bearing	2.14	2,637,954,369	881,155,371	-	1,709,087,105	-	-	5,228,196,845	5,212,134,429
fixed rate	6.25	185,650	371,300	1,670,850	35,644,803	-	-	37,872,603	35,644,803
Borrowings									
variable rate	3.07	12,885,198	25,770,395	115,966,779	1,771,431,481	3,433,380,030	-	5,359,433,883	5,026,688,387
Financial guarantee contracts	N/A	899,614,435	-	1,158,000,000	1,332,000,000	4,988,750,000	-	8,378,364,435	-
		<u>5,247,874,818</u>	<u>942,520,969</u>	<u>2,099,549,114</u>	<u>5,487,952,090</u>	<u>8,614,067,233</u>	<u>14,874,079</u>	<u>22,406,838,303</u>	<u>13,677,438,156</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

44. 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\$
2018									
Trade and other payables									
non-interest bearing	N/A	2,570,913,539	75,326,191	315,639,948	1,143,856,335	188,300,783	-	4,294,036,796	4,294,036,796
variable rate	5.00	1,794,989	-	-	-	-	-	1,794,989	1,794,989
Other liabilities									
non-interest bearing	1.95	2,364,969,972	36,094,469	-	2,511,109,116	-	-	4,912,173,557	4,880,935,449
fixed rate	4.46	40,930	81,861	368,373	11,018,987	-	-	11,510,151	11,018,987
Borrowings									
variable rate	2.50	5,402,880	10,805,761	973,130,530	43,085,058	1,703,154,857	-	2,735,579,086	2,375,684,111
Financial guarantee contracts	N/A	459,943,156	-	-	1,703,157,872	1,440,000,000	-	3,603,101,028	-
		<u>5,403,065,466</u>	<u>122,308,282</u>	<u>1,289,138,851</u>	<u>5,412,227,368</u>	<u>3,331,455,640</u>	<u>-</u>	<u>15,558,195,607</u>	<u>11,563,470,332</u>

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. At the end of the reporting period, financial guarantee contracts are measured at the higher of: (i) the amount determined in accordance with HKFRS 9 (since 1st July, 2018) and HKAS 37 (before application of HKFRS 9 on 1st July, 2018); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised over the guarantee period. 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, 2019

44. 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 and Level 3 based on the degree to which the fair value is observable.

	2019 HK\$	2018 HK\$	Fair value hierarchy
Financial assets			
Equity instruments at FVTOCI			
(2018: Available-for-sale investments)			
– Listed equity securities (Note a)	857,978,637	912,863,744	Level 1
– Unlisted equity securities (Note b)	2,961,578	–	Level 3
Financial assets at FVTPL			
– Listed equity securities (Note a)	<u>11,666,468</u>	<u>10,449,495</u>	Level 1

Notes:

- (a) The fair values of all listed equity securities are determined with reference to quoted market bid prices in an active market as at 30th June, 2019 and 2018.
- (b) As at 30th June, 2019, the Directors of the Company consider the costs of unlisted equity securities approximate to their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

44. FINANCIAL INSTRUMENTS *(Continued)***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.

There was no transfer among different levels of the fair value hierarchy in the current and prior year.

Reconciliation of Level 3 fair value measurements of financial assets

	Equity instruments at FVTOCI - unlisted equity securities HK\$	Available- for-sale investments - unlisted equity securities HK\$
At 30th June, 2018	–	2,961,578
Reclassified from available-for-sale investments upon the application of HKFRS 9	<u>2,961,578</u>	<u>(2,961,578)</u>
At 1st July, 2018 and 30th June, 2019	<u>2,961,578</u>	<u>–</u>

The Group has initially applied HKFRS 9 at 1st July, 2018. Under the transition method chosen, comparative information is not restated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest and other finance costs payable	Advances from associates	Amounts due to associates	Amounts due to joint ventures	Advances from non-controlling interests	Amounts due to non-controlling interests	Bank and other borrowings	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1st July, 2017	3,773,119	1,025,320,593	1,646,848,617	7,329	657,379,963	55,962,725	5,921,669,078	9,310,961,424
Financing cash flows	(67,749,307)	240,227,440	(487,730,057)	58,616	573,428,003	(19,868,256)	(3,552,467,500)	(3,314,101,061)
Finance costs	64,188,562	13,204,772	-	-	19,795,736	-	2,457,601	99,646,671
Fair value adjustments	-	(16,817,962)	-	-	(21,648,550)	-	-	(38,466,512)
Foreign exchange translation	-	-	-	-	-	-	4,024,932	4,024,932
Disposal of a subsidiary (Note 36)	-	-	1,205,785,467	-	-	-	-	1,205,785,467
	<u>212,374</u>	<u>1,261,934,843</u>	<u>2,364,904,027</u>	<u>65,945</u>	<u>1,228,955,152</u>	<u>36,094,469</u>	<u>2,375,684,111</u>	<u>7,267,850,921</u>
At 30th June, 2018	212,374	1,261,934,843	2,364,904,027	65,945	1,228,955,152	36,094,469	2,375,684,111	7,267,850,921
Financing cash flows	(98,306,758)	389,422,768	273,050,342	(65,945)	(1,140,409,418)	845,060,902	2,647,397,250	2,916,149,141
Finance costs	100,713,767	13,204,772	-	-	18,033,335	-	2,648,653	134,600,527
Fair value adjustments	-	(42,471,960)	-	-	-	-	-	(42,471,960)
Foreign exchange translation	-	-	-	-	-	-	958,373	958,373
	<u>2,619,383</u>	<u>1,622,090,423</u>	<u>2,637,954,369</u>	<u>-</u>	<u>106,579,069</u>	<u>881,155,371</u>	<u>5,026,688,387</u>	<u>10,277,087,002</u>
At 30th June, 2019	2,619,383	1,622,090,423	2,637,954,369	-	106,579,069	881,155,371	5,026,688,387	10,277,087,002

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

46. RELATED PARTY DISCLOSURES

The Group had the following transactions with related parties:

(a) Related companies

	2019 HK\$	2018 HK\$
Service fees received <i>(Note i)</i>	227,355,988	210,288,474
Rental paid <i>(Note i)</i>	65,289,440	46,211,799
Consultancy fee paid <i>(Note ii)</i>	<u>1,666,664</u>	<u>1,666,664</u>

(b) Associates and joint ventures

	2019 HK\$	2018 HK\$
Service fees paid <i>(Note i)</i>	35,356,004	33,224,064
Administrative fees received <i>(Note iii)</i>	53,593,672	48,388,274
Interest income received <i>(Note iv)</i>	<u>35,523,521</u>	<u>43,856,575</u>

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. These related party transactions also constitute continuing connected transactions and have complied with the requirements of Chapter 14A of The Listing Rules, details of which are disclosed on pages 97 to 105 in the Directors' report.

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, is a sole proprietor. This also constitutes an exempted connected transaction under Chapter 14A of the Listing Rules.

Note iii: Included in the administrative fees received, HK\$53,496,472 (2018: HK\$48,291,074) represent administrative fees received from associates and joint ventures in which Mr. Robert Ng Chee Siong has controlling interests and directorships. These related party transactions also constitute exempted connected transactions under Chapter 14A of the Listing Rules.

Note iv: Included in the interest income received, HK\$25,382,982 (2018: HK\$33,401,725) represent interest income received from associates and joint ventures in which Mr. Robert Ng Chee Siong has controlling interests and directorships. These related party transactions also constitute exempted connected transactions under Chapter 14A of the Listing Rules.

Included in the advances to associates, amounts due to associates, advances from associates, amounts due from associates and advances to joint ventures are amounts of HK\$2,238,788,738 (2018: HK\$2,886,817,277), HK\$15,394,504 (2018: HK\$3,213,455), HK\$1,179,136,170 (2018: HK\$836,113,402), HK\$650,572,946 (2018: HK\$170,787,769) and HK\$669,659,630 (2018: HK\$664,027,133) which represent the balances with the respective associates and joint ventures in which Mr. Robert Ng Chee Siong, Director and the controlling shareholder of the Company, has controlling interests and directorships. The advances are provided by the shareholders of the associates and joint ventures on a several and proportional basis. Other than the aforesaid, details of the outstanding balances with associates, joint ventures and non-controlling interests at the end of the reporting period are set out in the Group's consolidated statement of financial position and in Notes 21, 22, 24, 34 and 35.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

46. RELATED PARTY DISCLOSURES (Continued)

In addition, as set out in Notes 38 and 39, the Group has pledged certain assets and granted guarantees 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 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 any time during the year.

Compensation of key management personnel

The remuneration of Directors during the year was as follows:

	2019	2018
	<i>HK\$</i>	<i>HK\$</i>
Short-term benefits	32,585,309	32,123,531
Retirement benefit scheme contributions	126,000	146,500
	<u>32,711,309</u>	<u>32,270,031</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

47. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

Statement of financial position of the Company

	2019 HK\$	2018 HK\$
Non-current assets		
Investments in subsidiaries <i>(Note)</i>	448,441,989	448,441,989
Interests in associates <i>(Note)</i>	557,179,242	557,179,242
Equity instruments at FVTOCI	786,934,961	–
Available-for-sale investments	–	826,065,321
Other asset	300,000	–
	<u>1,792,856,192</u>	<u>1,831,686,552</u>
Current assets		
Financial assets at FVTPL	11,666,468	10,449,495
Amounts due from subsidiaries	65,748,087,708	63,688,701,443
Amounts due from associates	479,343,101	–
Trade and other receivables	4,271,908	3,297,079
Time deposits, bank balances and cash	6,964,578	1,971,772
	<u>66,250,333,763</u>	<u>63,704,419,789</u>
Current liabilities		
Trade and other payables	10,921,339	9,798,623
Amount due to a subsidiary	342,602,699	361,496,454
Amounts due to associates	86,575,108	81,452,853
	<u>440,099,146</u>	<u>452,747,930</u>
Net current assets	<u>65,810,234,617</u>	<u>63,251,671,859</u>
Total assets less current liabilities	<u>67,603,090,809</u>	<u>65,083,358,411</u>
Capital and reserves		
Share capital	47,324,776,293	44,560,016,005
Reserves	20,278,314,516	20,523,342,406
Total equity	<u>67,603,090,809</u>	<u>65,083,358,411</u>

Note: Investments in subsidiaries and interests in associates are included in the Company's statement of financial position at cost less any identified impairment loss. The results of subsidiaries and associates 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 29th August, 2019 and are signed on its behalf by:

Robert NG Chee Siong
Chairman

Daryl NG Win Kong
Deputy Chairman

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

47. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY (Continued)

Reserve movements of the Company

	Investment revaluation reserve HK\$	Retained profits HK\$	Total HK\$
At 1st July, 2017	130,238,110	22,881,864,935	23,012,103,045
Profit for the year	–	3,814,064,114	3,814,064,114
Change in fair value of available-for-sale investments	(24,285,819)	–	(24,285,819)
Total comprehensive (expense) income for the year	(24,285,819)	3,814,064,114	3,789,778,295
Cancellation upon repurchase of own shares	–	(12,200,920)	(12,200,920)
Final dividend – 2017	–	(2,526,229,908)	(2,526,229,908)
Interim dividend – 2018	–	(838,300,093)	(838,300,093)
Special dividend – 2018	–	(2,901,808,013)	(2,901,808,013)
At 30th June, 2018	105,952,291	20,417,390,115	20,523,342,406
Adjustment	(108,682,137)	108,682,137	–
At 1st July, 2018 (restated)	(2,729,846)	20,526,072,252	20,523,342,406
Profit for the year	–	3,412,690,638	3,412,690,638
Change in fair value of equity instruments at FVTOCI	(70,079,300)	–	(70,079,300)
Total comprehensive (expense) income for the year	(70,079,300)	3,412,690,638	3,342,611,338
Final dividend – 2018	–	(2,641,224,521)	(2,641,224,521)
Interim dividend – 2019	–	(946,414,707)	(946,414,707)
At 30th June, 2019	(72,809,146)	20,351,123,662	20,278,314,516

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

48. 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, 2019 and 2018 which materially affected the results or assets and liabilities of the Group.

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			2019 %	2018 %	
<i>Direct:</i>					
Best Result Environmental Services Limited	Hong Kong	HK\$2	100	100	Cleaning services
Fu King Investment Limited	Hong Kong	HK\$1,000,000	100	100	Investment holding
Glorypark Limited	Hong Kong	HK\$1,000	100	100	Property investment
Hong Kong Elite Limited	Hong Kong	HK\$2	100	100	Property investment
King Chance Development Limited	Hong Kong	HK\$2	100	100	Investment holding
Serenity Park Building Management Limited	Hong Kong	HK\$10	100	100	Building management
Sharp Rise Company Limited	Hong Kong	HK\$2	100	100	Property trading
Sing-Ho Finance Company Limited	Hong Kong	HK\$30,000,000	100	100	Financing
Sino (MTN) Limited	Cayman Islands/ Hong Kong	US\$1	100	100	Notes issuer
Sino (Xiamen) Realty Development Co., Ltd. <i>(Note i)</i>	PRC	HK\$290,000,000	100	100	Property development, trading and investment
Sino Administration Services Limited	Hong Kong	HK\$3	100	100	Administration services
Sino Estates Management Limited	Hong Kong	HK\$6,500,000	100	100	Building management
Sino Estates Services Limited	Hong Kong	HK\$20	100	100	Building management
Sino Land (Fuzhou) Co., Ltd. <i>(Note i)</i>	PRC	HK\$50,000,000	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

48. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			2019 %	2018 %	
<i>Direct: (Continued)</i>					
Sino Security Services Limited	Hong Kong	HK\$2	100	100	Security services
World Ace Limited	Hong Kong	HK\$2	100	100	Property investment
<i>Indirect:</i>					
Ackerley Estates Limited	Hong Kong	HK\$20,000,000	100	100	Property investment
Active Success Development Limited	Hong Kong	HK\$2	100	100	Property trading and investment
Advance Profit Limited	Hong Kong	HK\$2	100	100	Property investment
Alfaso Investment Limited	Hong Kong	HK\$20,000	100	100	Property investment
Allways Success Finance Limited	Hong Kong	HK\$10	100	100	Mortgage loan financing
Ample Way Limited	Hong Kong	HK\$2	100	100	Property investment
Apex Speed Limited	Hong Kong	HK\$2	100	100	Property investment
Asian View Development Limited	Hong Kong	HK\$1	100	100	Property development
Beauty Plaza Limited	Hong Kong	HK\$20,000	100	100	Property investment
Benefit Bright Limited	Hong Kong	HK\$2	100	100	Property trading and investment
Best Origin Limited	Hong Kong	HK\$2	100	100	Property investment
Best Wisdom Development Limited	Hong Kong	HK\$1	100	100	Property development
Bestone Limited	Hong Kong	HK\$2	100	100	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

48. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			2019 %	2018 %	
<i>Indirect: (Continued)</i>					
Bright Land Development Limited	Hong Kong	HK\$1	100	100	Property development
Brighton Development Limited	Hong Kong	HK\$2	100	100	Property development
Capital Faith (Hong Kong) Limited	Hong Kong	HK\$1	52.6	52.6	Property investment
Central Wisdom Limited	Hong Kong	HK\$2	100	100	Property development
Century Link (Hong Kong) Limited	Hong Kong	HK\$1	52.6	52.6	Property investment
Century Profit Limited	Hong Kong	HK\$2	100	100	Property investment
Champion Asia Investments Limited	Hong Kong	HK\$2	100	100	Property investment
Champion Rise Limited	Hong Kong	HK\$2	100	100	Property investment
Champion Top Development Limited	Hong Kong	HK\$2	100	100	Property development
Cheer Asia Development Limited	Hong Kong	HK\$1	100	100	Property investment
Cheer Result Limited	Hong Kong	HK\$2	100	100	Property trading and investment
Cheer View Holdings Limited	Hong Kong	HK\$1	100	100	Property development
Citywalk Management Company Limited	Hong Kong	HK\$2	100	100	Building management
Citywalk 2 Management Company Limited	Hong Kong	HK\$2	100	100	Building management
Corinthia By The Sea Finance Company Limited	Hong Kong	HK\$1	60	60	Mortgage loan financing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

48. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			2019 %	2018 %	
<i>Indirect: (Continued)</i>					
Corinthia By The Sea Property Management Limited	Hong Kong	HK\$1	60	60	Building management
Danford Development Limited	Hong Kong	HK\$1	100	–	Property development
Deveron (SL) Secretaries Limited	Hong Kong	HK\$1	100	100	Secretarial services
Dragon (Hong Kong) Limited	Hong Kong	HK\$2	100	100	Property trading and investment
e.Sino Company Limited	Hong Kong	HK\$2	100	100	Investment holding
Elegant Lane Limited	Hong Kong	HK\$2	100	100	Property investment
Elite Land Development Limited	Hong Kong	HK\$1	100	100	Property development
Entertainment City Limited	Hong Kong	HK\$4,500,000	100	100	Property investment
Ever Champion Development Limited	Hong Kong	HK\$2	100	100	Property trading
Excel Wisdom Development Limited	Hong Kong	HK\$1	52.6	52.6	Property investment
Falcon City Limited	Hong Kong	HK\$2	100	100	Property trading and investment
Falcon Land Limited	Hong Kong	HK\$1	100	100	Property development
Famous General Limited	Hong Kong	HK\$2	100	100	Property investment
Famous Palace Properties Limited	Hong Kong	HK\$20,000	100	100	Property investment
Far Gain Limited	Hong Kong	HK\$10,000	100	100	Property investment
Forlink Limited	Hong Kong	HK\$2	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

48. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			2019 %	2018 %	
<i>Indirect: (Continued)</i>					
Fortune Glory Investments Limited	Hong Kong	HK\$1	100	100	Property investment
Free Champion Limited	Hong Kong	HK\$2	100	100	Property investment
Full Fair Limited	Hong Kong	HK\$2	100	100	Property trading and investment
Fullerton Hotels & Resorts Pte. Ltd.	Singapore	S\$10,000	100	100	Management services
Fung Yuen Construction Company Limited	Hong Kong	HK\$1,000,000	100	100	Building construction
Fuwin Investment Limited	British Virgin Islands	US\$1	100	100	Investment holding
Global Honest Finance Limited	Hong Kong	HK\$2	100	100	Mortgage loan financing
Globaland Development Limited	Hong Kong	HK\$2	100	100	Property trading and investment
Golden Leaf Investment Limited	Hong Kong	HK\$20,000	100	100	Property investment
Good Champion Development Limited	Hong Kong	HK\$2	100	100	Property investment
Grace Rays Limited	Hong Kong	HK\$2	100	100	Property investment
Grand Central Finance Company Limited	Hong Kong	HK\$10	90	–	Mortgage loan financing
Grand Creator Investment (BVI) Limited	British Virgin Islands/ Hong Kong	US\$10	60	60	Investment holding
Grand Creator Investment Limited	Hong Kong	HK\$2	60	60	Property trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

48. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			2019 %	2018 %	
<i>Indirect: (Continued)</i>					
Grand Empire Investment Limited	Hong Kong	HK\$2	100	100	Project management
Grand Rise Investments Limited	Hong Kong	HK\$1	52.6	52.6	Property investment
Grand Start Holdings Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Investment holding
Grandeal Limited	Hong Kong/ PRC	HK\$2	100	100	Property trading
Handsome Lift Investment (CI) Limited	Cayman Islands/ Hong Kong	US\$1	100	100	Property investment
Hang Hau Station (Project Management) Limited	Hong Kong	HK\$2	60	60	Project management
Harley Investments Limited	Hong Kong	HK\$1	52.6	52.6	Property investment
Harvest Sun Limited	Hong Kong	HK\$2	100	100	Property trading and investment
Harvestrade Investment Limited	Hong Kong	HK\$20,000	100	100	Property trading and investment
HCP Hong Kong Fully Co Ltd	Cayman Islands/ Hong Kong	US\$1	100	100	Property investment
Hickson Limited	Hong Kong	HK\$20	100	100	Property investment
High Elite Finance Limited	Hong Kong	HK\$2	100	100	Mortgage loan financing
High Elite Limited	Hong Kong	HK\$2	100	100	Property investment
Jade Bird Development Limited	Hong Kong	HK\$100,000	100	100	Property trading and investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

48. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			2019 %	2018 %	
<i>Indirect: (Continued)</i>					
Jade Line Limited	Hong Kong	HK\$2	100	100	Property investment
Jade Mate Limited	Hong Kong	HK\$2	100	100	Property investment
Jade Pine Limited	Hong Kong	HK\$20,000	100	100	Property investment
Jet Fame (Hong Kong) Limited	Hong Kong	HK\$1	52.6	52.6	Property investment
Jet Rise Limited	Hong Kong	HK\$2	100	100	Property trading and investment
Jet Union Development Limited	Hong Kong	HK\$1	60	60	Property trading and investment
Joint Prospect Limited	Hong Kong	HK\$1	52.6	52.6	Property investment
Joint Rise Development Limited	Hong Kong	HK\$1	100	100	Property development
Joy Rise Limited	Hong Kong	HK\$1	100	100	Property development
King Century Limited	Hong Kong	HK\$2	100	100	Property investment
King Regent Limited	Hong Kong	HK\$1	85	85	Property trading and investment
Kingdom Investment Limited	Hong Kong	HK\$2	100	100	Property trading and investment
Kingsfield International Investments Limited	Hong Kong	HK\$1	100	100	Property investment
Land Success Development Limited	Hong Kong	HK\$2	100	100	Property trading and investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

48. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			2019 %	2018 %	
<i>Indirect: (Continued)</i>					
Lucky Fortress Inc.	British Virgin Islands/ Hong Kong	US\$1	100	100	Share investment
Mayfair By The Sea I Finance Company Limited	Hong Kong	HK\$1	85	85	Mortgage loan financing
Mega Sino Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Investment holding
Megafood Development Limited	Hong Kong	HK\$1	100	100	Financing
Morbest Profits Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Share investment
Multipurpose Investment Limited	Hong Kong	HK\$20,000	100	100	Property trading and investment
New Realm Enterprises Limited	British Virgin Islands	US\$1	100	100	Investment holding
Nice Scene International Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Investment holding
Ocean Treasure (Hong Kong) Limited	Hong Kong	HK\$2	100	100	Property trading and investment
Octerworth Enterprises Limited	Hong Kong	HK\$20,000	100	100	Property investment
Olympian City 1 (Project Management) Limited	Hong Kong	HK\$2	100	100	Project management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

48. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			2019 %	2018 %	
<i>Indirect: (Continued)</i>					
Olympian City 2 Finance Company Limited	Hong Kong	HK\$1,000	100	100	Mortgage loan financing
Olympian City 2 (Project Management) Limited	Hong Kong	HK\$2	100	100	Project management
Orient Field Holdings Limited	Hong Kong	HK\$1	52.6	52.6	Property investment
Orient Harvest International Limited	Hong Kong	HK\$2	100	100	Property trading
Pacific Asia Limited	Hong Kong	HK\$1	100	100	Property development
Pacific Shine Limited	Hong Kong	HK\$1	100	100	Property development
Park Summit Commercial Management Company Limited	Hong Kong	HK\$1	100	100	Building management
Peace Success Development Limited	Hong Kong	HK\$2	100	100	Property trading
Perfect Green Supplies Company Limited	Hong Kong	HK\$1	100	100	Cleaning services
Perfect Sun Properties Limited	Hong Kong	HK\$2	100	100	Property investment
Precious Land Pte. Limited	Singapore	S\$2	100	100	Property investment
Precious Quay Pte. Ltd.	Singapore	S\$10,000	100	100	Hotel operation and property investment
Precious Treasure Pte Ltd	Singapore	S\$20,000,000	100	100	Hotel operation and property investment
Premium Living Limited	Hong Kong	HK\$2	100	100	Premium living services
Pridegate (CI) Limited	Cayman Islands/ Hong Kong	US\$1	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

48. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			2019 %	2018 %	
<i>Indirect: (Continued)</i>					
Prime Harvest (Administration Services) Limited	Hong Kong	HK\$2	100	100	Consultant services provider
Prime Harvest Development Limited	Hong Kong	HK\$2	100	100	Property trading and investment
Primewin Properties Limited	Hong Kong	HK\$2	100	100	Property investment
Rainbow City Limited	Hong Kong	HK\$2	100	100	Property trading and investment
Rankchief Company Limited	Hong Kong	HK\$200	100	100	Property trading
Real Maker Development Limited	Hong Kong	HK\$200,000	90	90	Property investment
Regal Crown Development Limited	Hong Kong	HK\$1	100	100	Property development
Regent Profit Investment Limited	Hong Kong	HK\$2	100	100	Property investment
Region One Investment Limited	Hong Kong	HK\$2	100	100	Property investment
Rich Tact International (CI) Limited	Cayman Islands/ Hong Kong	US\$1	100	100	Property investment
Rich Treasure Investments Limited	Hong Kong	HK\$1	100	100	Mortgage loan financing
Rickson Investment Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Investment holding
Roystar Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Investment holding
Ruddiman Trading Company Limited	Hong Kong	HK\$100,000	100	100	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

48. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			2019 %	2018 %	
<i>Indirect: (Continued)</i>					
Saky Investment (CI) Limited	Cayman Islands/ Hong Kong	US\$1	100	100	Property investment
Sheen Honour Limited	Hong Kong	HK\$1	100	100	Property investment
Shine Harvest International Limited	Hong Kong	HK\$2	100	100	Property trading and investment
Sidak Investment Limited	Hong Kong	HK\$20,000	100	100	Property investment
Silver Palm Limited	Hong Kong	HK\$2	100	100	Property investment
Silver Target Limited	Hong Kong	HK\$2	100	100	Property investment
Sincere Development Limited	Hong Kong	HK\$2	100	100	Property development
Sino Fortune Garden Inc.	British Virgin Islands/ Hong Kong	US\$1	100	100	Share investment
Sino Land Finance Limited	Hong Kong	HK\$2	100	100	Deposit placing
Sino Land (Guangzhou) Company Limited <i>(Note i)</i>	PRC	US\$3,200,000	100	100	Property investment
Sino Land (Zhangzhou) Company Limited <i>(Note i)</i>	PRC	HK\$374,150,000	100	100	Property development, trading and investment
Sino Land Investment (Holdings) Ltd.	Cayman Islands/ Hong Kong	US\$6,000,000	100	100	Investment holding
Sinoland China Investment Holdings Limited	Hong Kong	HK\$2	100	100	Investment holding
Sky Target (Hong Kong) Limited	Hong Kong	HK\$1	100	100	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

48. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			2019 %	2018 %	
<i>Indirect: (Continued)</i>					
Sky Vision Development Limited	Hong Kong	HK\$1	52.6	52.6	Property investment
Smart Champion (Hong Kong) Limited	Hong Kong	HK\$1	100	100	Property development
Standard Union Investment Limited	Hong Kong	HK\$2	100	100	Share investment
Star Talent Development Limited	Hong Kong	HK\$1	100	100	Property development
Success One Investment Limited	Hong Kong	HK\$2	100	100	Property investment
Sunair Investment Company Limited	Hong Kong	HK\$2	100	100	Investment holding
Sunfairs International Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Investment holding
Sunny Force Limited	Hong Kong	HK\$2	100	100	Property investment
Sunrise Investment Limited	Hong Kong	HK\$2	100	100	Property investment
Super One Investment Limited	Hong Kong	HK\$2	100	100	Property investment
Thousand Growth Development Limited	Hong Kong	HK\$20,000	100	100	Property investment
Timeshare Development (CI) Limited	Cayman Islands/ Hong Kong	US\$1	100	100	Property investment
Top Gallant Limited	Hong Kong	HK\$1	100	100	Property trading and investment
Top Harmony Development Limited	Hong Kong	HK\$10	60	60	Property development
Top Oasis Limited	Hong Kong	HK\$1	80	80	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

48. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			2019 %	2018 %	
<i>Indirect: (Continued)</i>					
Trans China Investment Limited	Hong Kong	HK\$2	100	100	Property investment
Triple Reach International (CI) Limited	Cayman Islands/ Hong Kong	US\$1	100	100	Property investment
Triumph One Limited	Hong Kong	HK\$10,000	100	100	Property trading and investment
Turbolink International Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Investment holding
Union Century (Hong Kong) Limited	Hong Kong	HK\$2	100	100	Property investment
Union Development Limited	Hong Kong	HK\$2	100	100	Property trading
Union Harvest Investments Limited	Hong Kong	HK\$2	100	100	Property development
Union Rich Development Limited	Hong Kong	HK\$2	100	100	Property investment
Union Score Investments Limited	Hong Kong	HK\$10	90	90	Property development
Union Top Properties Limited	Hong Kong	HK\$1	52.6	52.6	Property investment
Union Vision Limited	Hong Kong	HK\$2	100	100	Property investment
United Link Investments Limited	Hong Kong	HK\$2	100	100	Property investment
Vantage Plus Investments Limited	British Virgin Islands/ Hong Kong	US\$100	85	85	Investment holding
Vasilon Pte Ltd	Singapore	S\$2	100	100	Investment holding
Victory Top Properties Limited	Hong Kong	HK\$1	52.6	52.6	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

48. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			2019 %	2018 %	
<i>Indirect: (Continued)</i>					
Vision Land Limited	Hong Kong	HK\$1	100	100	Property development
Vista Commercial Management Company Limited	Hong Kong	HK\$2	100	100	Building management
Weiland Development Company Limited	Hong Kong	HK\$33,140,000	100	100	Property investment
Well Growth International Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Investment holding
Well Victory Limited	Hong Kong	HK\$2	100	100	Property investment
Wellord Investments Limited	Hong Kong	HK\$2	100	100	Property investment
Wendia Limited	Hong Kong	HK\$20	100	100	Property investment
Will Glory Company (CI) Limited	Cayman Islands/ Hong Kong	US\$1	100	100	Property investment
Win Chanford Enterprises Limited	Hong Kong	HK\$1,000,000	52.6	52.6	Property investment
Win Harvest (HK) Limited	Hong Kong	HK\$2	100	100	Property investment
Winchamp Limited	Hong Kong	HK\$2	100	100	Property investment
Winning Limited	Hong Kong	HK\$1	100	100	Investment holding
Wisdom Power Holdings Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Investment holding
Wise Century Limited	Hong Kong	HK\$2	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

48. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			2019 %	2018 %	
<i>Indirect: (Continued)</i>					
Wise Grand Limited	Hong Kong	HK\$1	52.6	52.6	Property investment
World Empire Investment (CI) Limited	Cayman Islands/ Hong Kong	US\$1	100	100	Property investment
World Talent (Hong Kong) Limited	Hong Kong	HK\$1	100	100	Property development

Notes:

- i. Wholly foreign owned enterprises established in the PRC.*
- ii. None of the subsidiaries had issued any debt securities at 30th June, 2019 and 2018.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

49. 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, 2019 and 2018 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	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
		2019 %	2018 %	
Direct:				
Sino Parking Services Limited	Hong Kong	50	50	Carpark operation
Sino Real Estate Agency Limited	Hong Kong	50	50	Real estate agency
Tat Lee Construction Company Limited	Hong Kong	25	25	Building construction
Indirect:				
Ace Glory Limited	Hong Kong	25	25	Property trading and investment
Astoria Estate Management Company Limited	Hong Kong	50	50	Building management
Best Profit Limited	Hong Kong	50	50	Property investment
Beverhill Limited	Hong Kong	20	20	Property investment
Boatswain Enterprises Limited	Hong Kong	20	20	Property investment
Brisbane Trading Company Limited	Hong Kong	50	50	Property trading
Century Rise Limited	Hong Kong	50	50	Property trading and investment
Cheer City Properties Limited	Hong Kong	20	20	Property investment
C.H.K.C. Building Management Limited	Hong Kong	25	25	Building management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

49. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
		2019 %	2018 %	
<i>Indirect: (Continued)</i>				
Cosmos Door Limited	Hong Kong	50	50	Property investment
Credit World Limited	Hong Kong	20	20	Property trading
Direct Win Development Limited	Hong Kong	33.3	33.3	Property trading
Eternal Honest Finance Company Limited	Hong Kong	50	50	Mortgage loan financing
Finedale Industries Limited	Hong Kong	33.3	33.3	Property investment
Full Raise International Limited	British Virgin Islands/ Hong Kong	25	25	Investment holding
Gloryland Limited	Hong Kong	33.3	33.3	Property investment
Grace Sign Limited	Hong Kong	30	30	Property trading
Grand Palisades Finance Company Limited	Hong Kong	20	20	Mortgage loan financing
Great Maker Limited	Hong Kong	30	30	Property development
Greater Bay Area Homeland Development Fund (GP) Limited	Cayman Islands	12.3	–	General Partner
Greater Bay Area Homeland Development Fund LP	Cayman Islands	15.1	–	Investment holding
Greater Bay Area Homeland Investments Limited	Hong Kong	12.3	–	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

49. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
		2019 %	2018 %	
<i>Indirect: (Continued)</i>				
Greenroll Limited	Hong Kong	30	30	Hotel operation
Hua Qing Holdings Pte Ltd	Singapore	23.5	23.5	Investment holding
Island Resort Estate Management Company Limited	Hong Kong	45	45	Building management
Joy Origin Holdings Limited	Hong Kong	40	–	Investment holding
Lead Bright Finance Limited	Hong Kong	20	20	Mortgage loan financing
Lead Bright Limited	Hong Kong	20	20	Property trading
Lohas Park Package Eleven (Project Management) Limited	Hong Kong	40	–	Project management
Million Success Limited	Hong Kong	25	25	Property investment
More Treasure Company Limited	Hong Kong	25	25	Property investment
Murdoch Investments Inc.	British Virgin Islands/ Hong Kong	45	45	Property investment
Nimble Limited	British Virgin Islands/ Hong Kong	45	45	Investment holding
Pacific Bond Limited	Hong Kong	35	35	Property trading and investment
Pembroke Development Investments Limited	British Virgin Islands/ Hong Kong	40	40	Property trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

49. PRINCIPAL ASSOCIATES *(Continued)*

Name of associate	Place of incorporation/ establishment/ operation	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
		2019 %	2018 %	
<i>Indirect: (Continued)</i>				
Providence Bay Finance Company Limited	Hong Kong	35	35	Mortgage loan financing
Providence Bay Property Management Company Limited	Hong Kong	35	35	Building management
Providence Peak Finance Company Limited	Hong Kong	25	25	Mortgage loan financing
Providence Peak Property Management Company Limited	Hong Kong	25	25	Building management
Pui Hay Enterprises Limited	Hong Kong	50	50	Property trading
Sea Dragon Limited	Hong Kong	30	30	Property investment
Silver Link Investment Limited	Hong Kong	45	45	Property trading and investment
Sky Castle Limited	Hong Kong	40	–	Property development
Teamer International Limited	Hong Kong	35	35	Property trading
The Coronation Estates Management Limited	Hong Kong	45	45	Building management
The Graces – Providence Bay Finance Company Limited	Hong Kong	50	50	Mortgage loan financing
The Graces – Providence Bay Property Management Company Limited	Hong Kong	50	50	Building management
The Hermitage Estates Management Limited	Hong Kong	50	50	Building management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

49. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
		2019 %	2018 %	
<i>Indirect: (Continued)</i>				
Union King (Hong Kong) Limited	Hong Kong	45	45	Property investment
United Best Hong Kong Limited	Hong Kong	40	40	Property development
Victory World Limited	Hong Kong	50	50	Property trading and investment
Wide Harvest Investment Limited	Hong Kong	25	25	Property investment
Wisekey Investment Limited	British Virgin Islands/ Hong Kong	50	50	Investment holding
中海信和(成都)物業發展有限公司	PRC	20	20	Property development and trading
信和置業(成都)有限公司 (Note 36)	PRC	20	20	Property development and trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2019

50. PRINCIPAL JOINT VENTURES

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, 2019 and 2018 which materially affected the results of the year or form a substantial portion of the net assets of the Group.

Name of joint venture	Place of incorporation/ establishment/ operation	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
		2019	2018	
		%	%	
<i>Direct:</i>				
Rich Century Investment Limited	Hong Kong	50	50	Property investment
<i>Indirect:</i>				
Asia Bright Development Limited	Hong Kong	22.5	22.5	Investment holding
Best Profile Limited	British Virgin Islands	50	50	Investment holding
Empire Funds Limited	Hong Kong	50	50	Property trading
Enterprico Investment Limited	Hong Kong	52.5*	52.5*	Loan financing
Famous Empire Properties Limited	Hong Kong	50	50	Property trading and investment
Grand Ample Limited	Hong Kong	33.3	33.3	Property development
Grand Apex Limited	Hong Kong	60*	60*	Property development and investment
Grand Site Development Limited	Hong Kong	50	50	Property development and investment
High Crown Holdings Limited	Hong Kong	50	50	Property development
Kam Sheung Road Station Package One (Project Management) Limited	Hong Kong	33.3	33.3	Project management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2019

50. PRINCIPAL JOINT VENTURES (Continued)

Name of joint venture	Place of incorporation/ establishment/ operation	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
		2019	2018	
		%	%	
<i>Indirect: (Continued)</i>				
Lee Tung Avenue Management Company Limited	Hong Kong	50	50	Building management
Martin Heritage Management Pty Ltd	Australia	50	50	Trustee
Parkland (Hong Kong) Limited	Hong Kong	60*	60*	Hotel development and operation
Precious Heritage Pte. Limited	British Virgin Islands	50	50	Investment holding
Sky Asia Properties Limited	Hong Kong	22.5	22.5	Property development
The Avenue Finance Company Limited	Hong Kong	50	50	Mortgage loan financing
Top Regent Holdings Limited	Hong Kong	33.3	33.3	Investment holding
Tower Beyond Limited	Hong Kong	50	50	Investment holding
Vanguard Insight Limited	Hong Kong	50	50	Investment holding
Wise Link Management Limited	Hong Kong	50	50	Building management
深圳前晉置業有限公司	PRC	50	50	Property development

* The Company 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.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

In accordance with Rule 13.22 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Company discloses the following statement of indebtedness, capital commitments and contingent liabilities reported on by the affiliated companies of the Company 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, 2019 HK\$	At 30th June, 2018 HK\$
The Group's share of total indebtedness of its affiliated companies		
– Bank loans	6,863,153,000	2,462,157,872
Advances from the Group	<u>18,838,557,885</u>	<u>15,979,289,612</u>
	<u>25,701,710,885</u>	<u>18,441,447,484</u>
The Group'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, 2019

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 ISLAND, HONG KONG							
1. No. 1 Chatham Path Mid-levels, Hong Kong Island	2072	100.0%	–	7,800	R	Completed	Existing
2. 38 Repulse Bay Road Hong Kong Island	2084	100.0%	16,176	12,126	R	Completed	Existing
3. 148 Electric Road North Point, Hong Kong Island	2047	100.0%	13,160	197,400	C	Completed	Existing
4. Central Plaza 18 Harbour Road, Wan Chai, Hong Kong Island	2047	10.0%	77,824	140,000	C	Completed	Existing
5. The Centrium, office 60 Wyndham Street, Central, Hong Kong Island	2047	100.0%	17,061	171,176	C	Completed	Existing
6. The Centrium, retail 60 Wyndham Street, Central, Hong Kong Island	2047	70.0%	17,061	12,474	C	Completed	Existing
7. Conrad Hong Kong Pacific Place, 88 Queensway, Hong Kong Island	2047	30.0%	–	165,506	H	Completed	Existing
8. Harbour Centre Harbour Road & Fleming Road, Hong Kong Island	2128	17.5%	32,626	42,091	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2019

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 ISLAND, HONG KONG							
9. The Hennessy 256 Hennessy Road, Wan Chai, Hong Kong Island	2127	100.0%	4,791	71,862	C	Completed	Existing
10. The Hillside 9 Sik On Street, Wan Chai, Hong Kong Island	2063	100.0%	2,239	11,195	R	Completed	Existing
11. Hollywood Centre 233 Hollywood Road, Hong Kong Island	2128	52.6%	6,706	52,933	C	Completed	Existing
12. Island Resort Mall 28 Siu Sai Wan Road, Chai Wan, Hong Kong Island	2047	45.0%	275,470	85,136 <u>60,302*</u> 145,438	C P	Completed	Existing
* 540 carpark							
13. The Johnston 74-80 Johnston Road, Wan Chai, Hong Kong Island	2047	100.0%	5,353	46,331 <u>11,777</u> 58,108	R C	Completed	Existing
14. Lee Tung Avenue 200 Queen's Road East, Wan Chai, Hong Kong Island	2060	Joint Venture	75,176	87,720 [†]	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2019

Description	Lease expiry	Group's interest	Approx. site area <i>(sq. ft.)</i>	Approx. floor area attributable to the Group <i>(sq. ft.)</i>	Type	Stage of completion	Estimated completion date
Properties for investment and hotels							
HONG KONG ISLAND, HONG KONG							
15. Marina House 68 Hing Man Street, Shau Kei Wan, Hong Kong Island	2047	100.0%	7,818	113,009	C	Completed	Existing
16. One Capital Place 18 Luard Road, Wan Chai, Hong Kong Island	2127	100.0%	4,899	73,443	C	Completed	Existing
17. Pacific Palisades 1 Braemar Hill Road, Hong Kong Island	2047	20.0%	165,550	93,550	R	Completed	Existing
18. Pacific Plaza 418 Des Voeux Road West, Hong Kong Island	2860	100.0%	9,450	167,599	C	Completed	Existing
19. The Staunton 22 Staunton Street, Central, Hong Kong Island	2844	100.0%	4,482	28,439 9,190 <u>37,629</u>	R C	Completed	Existing
20. 25/F United Centre Queensway, Hong Kong Island	2128	50.0%	–	10,225	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2019

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, HONG KONG							
21. No. 1 Hung To Road Kwun Tong, Kowloon	2047	33.3%	60,945	177,337	I	Completed	Existing
22. The Astrid 180 Argyle Street, Kowloon	2047	100.0%	61,118	9,852	R	Completed	Existing
23. The Avery 12, 16 and 18 Hau Wong Road, Kowloon	2047	100.0%	3,967	10,455	C	Completed	Existing
24. Cameron Plaza 23 Cameron Road, Tsim Sha Tsui, Kowloon	2038	100.0%	5,375	64,093	C	Completed	Existing
25. The Camphora 51-52 Haiphong Road, Kowloon	2863	100.0%	1,800	12,493 1,654	R C	Completed	Existing
				<u>14,147</u>			
26. China Hong Kong City 33 Canton Road, Tsim Sha Tsui, Kowloon	2135	25.0%	165,334	308,308	C	Completed	Existing
27. Coronation Circle 1 Yau Cheung Road, South West Kowloon, Kowloon	2057	45.0%	86,758	39,041	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2019

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, HONG KONG							
28. Corporation Square 8 Lam Lok Street, Kowloon Bay, Kowloon	2047	100.0%	21,745	155,910	I	Completed	Existing
29. Exchange Tower 33 Wang Chiu Road, Kowloon Bay, Kowloon	2055	100.0%	50,752	259,503	C	Completed	Existing
30. Fullerton Centre 19 Hung To Road, Kwun Tong, Kowloon	2047	100.0%	10,394	114,334	I	Completed	Existing
31. Futura Plaza 111-113 How Ming Street, Kwun Tong, Kowloon	2047	100.0%	18,783	225,396	C	Completed	Existing
32. Hong Kong Pacific Centre 28 Hankow Road, Tsim Sha Tsui, Kowloon	2039	100.0%	18,028	219,853	C	Completed	Existing
33. Kwun Tong Harbour Plaza 182 Wai Yip Street, Kwun Tong, Kowloon	2047	100.0%	31,018	130,728 210,350* <u>341,078</u>	C P	Completed	Existing

* 474 carparks

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2019

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, HONG KONG							
34. Kwun Tong Plaza 68 Hoi Yuen Road, Kwun Tong, Kowloon	2047	100.0%	25,995	153,795*	P	Completed	Existing
				* 366 carparks			
35. Maison Rosé 270 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon	2047	100.0%	4,490	6,873	C	Completed	Existing
36. Olympian City 1 11 Hoi Fai Road, MTR Olympic Station, Kowloon	2047	Joint Venture	712,614	139,931 [†]	C	Completed	Existing
37. Olympian City 2 18 Hoi Ting Road, MTR Olympic Station, Kowloon	2047	Joint Venture	708,577	511,287 [†]	C	Completed	Existing
38. Olympian City 3 1 Hoi Wang Road, South West Kowloon, Kowloon	2055	50.0%	146,131	59,423	C	Completed	Existing
39. The Olympian Hong Kong 18 Hoi Fai Road, Kowloon	2052	100.0%	112,484	43,759 <u>68,456</u>	H C	Completed	Existing
				<u>112,215</u>			
40. Omega Plaza 32 Dundas Street, Kowloon	2047	100.0%	5,385	80,775	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2019

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, HONG KONG							
41. One Madison 305 Castle Peak Road, Kowloon	2047	100.0%	7,200	12,800	C	Completed	Existing
42. Park Ivy 8 Ivy Street, Kowloon	2061	Joint Venture	6,032	9,042 [†]	C	Completed	Existing
43. Park Summit Shopping Arcade, 88 Beech Street, Kowloon	2058	Joint Venture	25,058	37,588 [†]	C	Completed	Existing
44. Remington Centre 23 Hung To Road, Kwun Tong, Kowloon	2047	100.0%	10,370	114,103	I	Completed	Existing
45. Skyline Tower 39 Wang Kwong Road, Kowloon Bay, Kowloon	2047	50.0%	68,986	412,203	C	Completed	Existing
46. Sunshine Plaza Shopping Arcade, 17 Sung On Street, Hung Hom, Kowloon	2047	100.0%	26,598	54,461	C	Completed	Existing
47. Tsim Sha Tsui Centre Salisbury Road, Tsim Sha Tsui, Kowloon	2127	45.0%	42,835	231,309	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2019

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, HONG KONG							
48. Vista Shopping Arcade, 188 Fuk Wa Street, Sham Shui Po, Kowloon	2054	Joint Venture	14,895	22,335 [†]	C	Completed	Existing
49. Westley Square 48 Hoi Yuen Road, Kwun Tong, Kowloon	2047	100.0%	21,110	238,187	I/O	Completed	Existing
50. Yau Tong Industrial City 17 Ko Fai Road, Yau Tong, Kowloon	2047	90.0%	100,580	464,627	I	Completed	Existing
NEW TERRITORIES, HONG KONG							
51. Avon Mall 15 Yat Ming Street, Fanling, New Territories	2047	100.0%	145,649	101,632	C	Completed	Existing
52. Citywalk 1 Yeung Uk Road, Tsuen Wan, New Territories	2052	Joint Venture	207,659	245,419 [†]	C	Completed	Existing
53. Citywalk 2 18 Yeung Uk Road, Tsuen Wan, New Territories	2054	Joint Venture	77,823	180,646 [†]	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2019

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, HONG KONG							
54. Commune Modern 28 Wo Fung Street, Luen Wo Hui, Fanling, New Territories	2064	100.0%	30,440	34,497 <u>39,521*</u> <u>74,018</u>	C P	Completed	Existing
							* 119 carparks
55. Corporation Park 11 On Lai Road, Shatin, New Territories	2047	30.0%	43,056	122,708	I	Completed	Existing
56. Corinthia By The Sea 23 Tong Yin Street, Tseung Kwan O, New Territories	2062	60.0%	139,016	41,708	C	Completed	Existing
57. Golden Plaza 28 Shui Che Kwun Street, Yuen Long, New Territories	2047	100.0%	21,420	32,178 <u>171,282*</u> <u>203,460</u>	C P	Completed	Existing
							* 438 carparks
58. The Graces • Providence Bay Shopping Arcade, 9 Fo Chun Road, Tai Po, New Territories	2057	50.0%	107,941	10,791	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2019

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, HONG KONG							
59. Grand Regentville Shopping Mall, 9 Wo Mun Street, Fanling, New Territories	2049	100.0%	131,448	71,462 <u>148,292*</u> <u>219,754</u>	C P	Completed	Existing
				* 415 carparks			
60. Mansfield Industrial Centre 19 Hong Yip Street, Tung Tau, Yuen Long, New Territories	2047	100.0%	52,582	111,253	I	Completed	Existing
61. Mayfair By The Sea I 23 Fo Chun Road, Tai Po, New Territories	2059	85.0%	225,237	38,216	C	Completed	Existing
62. Mayfair Lane 21 Fo Chun Road, Tai Po, New Territories	2059	100.0%	225,237	44,996	C	Completed	Existing
63. Oceania Heights Shopping Mall, 2 Hoi Chu Road, Tuen Mun, New Territories	2052	100.0%	65,552	28,470	C	Completed	Existing
64. Paloma Bay 18 Peng Lei Road, Peng Chau, New Territories	2062	100.0%	49,127	36,845	R	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2019

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, HONG KONG							
65. Paloma Cove 8 Ho King Street, Peng Chau, New Territories	2062	100.0%	19,163	14,372	R	Completed	Existing
66. The Palazzo Shopping Arcade, 28 Lok King Street, Shatin, New Territories	2053	Joint Venture	287,258	21,528 [†]	C	Completed	Existing
67. Parklane Centre 25 Kin Wing Street, Tuen Mun, New Territories	2047	100.0%	26,522	80,222 <u>171,739*</u> <u>251,961</u>	I P	Completed	Existing
				* 116 carparks			
68. Ping Wui Centre 13-17 Ping Wui Street, Yuen Long, New Territories	2047	100.0%	20,376	19,861 <u>172,655*</u> <u>192,516</u>	C P	Completed	Existing
				* 450 carparks			
69. Riverwalk 6 Ngan Kwong Wan Road, Mui Wo, New Territories	2062	100.0%	24,327	32,400 <u>15,207</u> <u>47,607</u>	R C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2019

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, HONG KONG							
70. Rosedale Gardens Shopping Arcade, 133 Castle Peak Road, Tuen Mun, New Territories	2047	100.0%	29,956	31,791	C	Completed	Existing
71. Shatin Galleria 18-24 Shan Mei Street, Fo Tan, Shatin, New Territories	2047	100.0%	38,234	263,818 <u>97,946*</u> <u>361,764</u>	C P	Completed	Existing
				* 268 carparks			
72. Springdale Mall 80 Ma Tin Road, Yuen Long, New Territories	2047	100.0%	45,273	40,446 <u>86,320*</u> <u>126,766</u>	C P	Completed	Existing
				* 261 carparks			
73. Sunley Centre 9 Wing Yin Street, Tsuen Wan, New Territories	2047	100.0%	17,362	164,940	I	Completed	Existing
74. Tuen Mun Town Plaza, Phase I 1 Tuen Shun Street & 1 Tuen Shing Street, Tuen Mun, New Territories	2047	100.0%	262,715	856,451 <u>256,288*</u> <u>1,112,739</u>	C P	Completed	Existing
				* 525 carparks			

MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2019

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, HONG KONG							
75. The Waterside Shopping Mall, 15 On Chun Street, Ma On Shan, Shatin, New Territories	2047	50.0%	69,428	28,285	C	Completed	Existing
MAINLAND CHINA							
76. Central Park, Xiamen 178-180 Jiahe Road, Xiamen, Fujian Province	2046	100.0%	113,904	31,533	C	Completed	Existing
77. Dynasty Park, Zhangzhou 298 Tengfei Road, Xiangcheng District, Zhangzhou, Fujian Province	2045	100.0%	1,004,199	66,429	C	Completed	Existing
78. Greenfields Chuangye Road, Guangzhou Economic & Technology Development District, Guangzhou, Guangdong Province	2054	100.0%	53,131	15,187 665* <u>15,852</u>	C P	Completed	Existing
				* 5 carparks			
79. Le Sommet 279 Jiahe Road, Xiamen, Fujian Province	2041	100.0%	33,188	15,978	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2019

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							
80. Park Place 130 Jiahe Road, Xiamen, Fujian Province	2039	100.0%	44,118	10,854	C	Completed	Existing
81. Raffles City Shanghai Plot 105 A & B, 228 Xizang Road Central, Huangpu District, Shanghai	2044 2046	22.4%	163,624	301,145	C	Completed	Existing
82. Sino International Plaza 137 Wusi Road, Fuzhou, Fujian Province	2059	100.0%	58,126	493,177	C	Completed	Existing
OVERSEAS – SINGAPORE & AUSTRALIA							
83. Clifford Pier 80 Collyer Quay, Singapore	2067	100.0%	70,397	13,731	C	Completed	Existing
84. Customs House 70 Collyer Quay, Singapore	2067	100.0%	44,348	14,822	C	Completed	Existing
85. The Fullerton Hotel Singapore 1 Fullerton Square, Singapore	2096	100.0%	139,469	466,423	H	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2019

Description	Lease expiry	Group's interest	Approx. site area <i>(sq. ft.)</i>	Approx. floor area attributable to the Group <i>(sq. ft.)</i>	Type	Stage of completion	Estimated completion date
Properties for investment and hotels							
OVERSEAS – SINGAPORE & AUSTRALIA							
86. The Fullerton Bay Hotel 80 Collyer Quay, Singapore	2067	100.0%	38,965	79,087	H	Completed	Existing
87. The Fullerton Waterboat House 3 Fullerton Road, Singapore	2032	100.0%	16,921	21,743	C	Completed	Existing
88. One Fullerton 1 Fullerton Road, Singapore	2096	100.0%	92,646	80,433	C	Completed	Existing
89. The Westin Sydney 1 Martin Place, Sydney, Australia	Freehold	50.0%	–	155,070 <u>29,722</u> <u>184,792</u>	H C	Completed	Existing
Completed properties for sale							
HONG KONG ISLAND, HONG KONG							
1. Far East Finance Centre 16 Harcourt Road, Hong Kong Island	2130	19.1%	34,595	9,869	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2019

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							
KOWLOON, HONG KONG							
2. Capital Tower 38 Wai Yip Street, Kowloon Bay, Kowloon	2065	30.0%	40,849	147,040	C	Completed	Existing
3. Chevalier Commercial Centre Wang Hoi Road, Kowloon Bay, Kowloon	2047	33.3%	44,350	11,484	C	Completed	Existing
4. Hewlett Centre 54 Hoi Yuen Road, Kwun Tong, Kowloon	2047	100.0%	38,000	15,099	I	Completed	Existing
5. Kowloon Plaza 485 Castle Peak Road, Cheung Sha Wan, Kowloon	2047	100.0%	19,375	25,702	I	Completed	Existing
6. Metro Centre 32 Lam Hing Street, Kowloon Bay, Kowloon	2047	100.0%	27,125	18,395	I	Completed	Existing
7. Pan Asia Centre 137 Wai Yip Street, Kwun Tong, Kowloon	2047	100.0%	5,760	62,857	I	Completed	Existing
8. Westin Centre 26 Hung To Road, Kwun Tong, Kowloon	2047	50.0%	17,280	103,451	I	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2019

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, HONG KONG							
9. The Balmoral 1 Ma Shing Path, Tai Po, New Territories	2055	100.0%	63,603	16,785 [#]	R	Completed	Existing
10. Cambridge Plaza 188 San Wan Road, Sheung Shui, New Territories	2047	100.0%	–	174,358	I	Completed	Existing
11. Lincoln Centre 20 Yip Fung Street, Fanling, New Territories	2047	100.0%	21,163	61,144	I	Completed	Existing
12. The Mediterranean 8 Tai Mong Tsai Road, Sai Kung, New Territories	2063	100.0%	166,089	24,147 [#]	R	Completed	Existing
13. Park Mediterranean 9 Hong Tsuen Road, Sai Kung, New Territories	2063	100.0%	86,898	39,305 [#]	R	Completed	Existing
14. Poly Centre 15 Yip Fung Street, Fanling, New Territories	2047	100.0%	18,191	10,430	I	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2019

Description	Lease expiry	Group's interest	Approx. site area <i>(sq. ft.)</i>	Approx. floor area attributable to the Group <i>(sq. ft.)</i>	Type	Stage of completion	Estimated completion date
Completed properties for sale							
NEW TERRITORIES, HONG KONG							
15. Raleigh Centre 9 Yip Cheong Street, Fanling, New Territories	2047	100.0%	10,194	8,386	I	Completed	Existing
16. Sea Crest Terrace Mui Wo, Lantau Island, New Territories	2047	100.0%	7,976	800 <u>7,498</u> 8,298	R C	Completed	Existing
17. Technology Plaza 29-35 Sha Tsui Road, Tsuen Wan, New Territories	2047	100.0%	20,000	11,330	I	Completed	Existing
MAINLAND CHINA							
18. Mayfair By The Lake 26 North Hubin Road, Xiamen, Fujian Province	2066 2038	100.0%	64,905	3,396 <u>20,259</u> 23,655	R C	Completed	Existing
19. Dynasty Park, Zhangzhou 298 Tengfei Road, Xiangcheng District, Zhangzhou, Fujian Province	2075 2045	100.0%	962,939	4,357 <u>9,115</u> 13,472	R C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2019

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 ISLAND, HONG KONG							
1. The Fullerton Ocean Park Hotel Hong Kong Tai Shue Wan, Hong Kong Island	2047	Joint Venture	133,474	436,700 [†]	H	Superstructure works in progress	March 2021
2. Yip Kan Street and Wong Chuk Hang Road, Wong Chuk Hang, Hong Kong Island Aberdeen Inland Lot No. 462	2066	60.0%	18,996	145,767	C	Foundation works in progress	July 2021
3. Peel Street / Gage Street Project (Site A) Central, Hong Kong Island Inland Lot No. 9064	2067	Joint Venture	9,607	84,260 [†]	R	Foundation works in progress	February 2022
4. Wong Chuk Hang Station Package Two Property Development Aberdeen, Hong Kong Island Aberdeen Inland Lot No. 467 (Site B)	2067	Joint Venture	92,269	492,991 [†]	R	Foundation works in progress	September 2022
KOWLOON, HONG KONG							
5. Madison Park 1 Kowloon Road, Cheung Sha Wan, Kowloon New Kowloon Inland Lot No. 6558	2067	Joint Venture	5,842	43,809 <u>8,762</u> <u>52,571[†]</u>	R C	Superstructure works in progress	May 2020

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2019

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, HONG KONG							
6. Grand Central 33 Hip Wo Street, Kwun Tong (South), Kowloon New Kowloon Inland Lot No. 6514	2064	Joint Venture	234,160	1,495,981 [†]	R	Superstructure works in progress	October 2020
7. 24A Kadoorie Avenue, Ho Man Tin, Kowloon Kowloon Inland Lot No. 6038RP, 6037RP, 6036RP, 6035RP and 6005	2081	Joint Venture	61,941	309,707 [†]	R	Foundation works completed	April 2021
8. Off Hing Wah Street West, Cheung Sha Wan, Kowloon New Kowloon Inland Lot No. 6549	2067	22.5%	208,262	222,258	R	Foundation works in progress	May 2022
9. Reclamation Street / Shantung Street, Mongkok, Kowloon Kowloon Inland Lot No. 11254	2068	Joint Venture	14,961	112,204 [†]	R	Foundation works in progress	June 2022
10. Yau Tong Ventilation Building Property Development Ko Chiu Road, Yau Tong, Kowloon New Kowloon Inland Lot No. 6602	2068	Joint Venture	43,379	325,342 [†]	R	Demolition and hoarding works in progress	June 2024

MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2019

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, HONG KONG							
11. Hong Kin Road, Tui Min Hoi, Sai Kung, New Territories Lot No. 1181 in Demarcation District No. 215	2065	100.0%	36,856	51,592	R	Superstructure works in progress	December 2019
12. Mayfair By The Sea 8 1 Fo Yin Road, Pak Shek Kok, Tai Po, New Territories Tai Po Town Lot No. 228	2066	100.0%	114,594	412,530	R	Superstructure works in progress	October 2020
13. Whitehead, Ma On Shan, Shatin, New Territories Sha Tin Town Lot No. 611	2067	100.0%	49,729	119,351	R	Foundation works in progress	April 2021
14. Wing Kei Road, Kwai Chung, New Territories Kwai Chung Town Lot No. 524	2067	100.0%	18,623	176,906	I	Superstructure works in progress	December 2021
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	100.0%	99,524	497,620	C	Foundation works in progress	January 2022
16. South Lantau Road, Cheung Sha, Lantau Island, New Territories Lot 765 in Demarcation District No. 332	2069	100.0%	28,977	11,582	R	Planning stage	September 2022

MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2019

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, HONG KONG							
17. 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	Advance works in progress	December 2022
18. LOHAS Park Package Eleven Property Development Tseung Kwan O, New Territories Site C2 of The Remaining Portion of Tseung Kwan O Town Lot No. 70	2052	Joint Venture	177,359	956,468 [†]	R	Planning stage	May 2023
MAINLAND CHINA							
19. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan Province	2044	20.0%	14,253,628	39,317	C	Planning stage	December 2020
20. Land Parcel 04, Unit 7, Qianwan Area, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen Land Parcel No. T102-0262	2057	50.0%	80,485	247,572	C	Foundation works in progress	June 2021

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2019

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							
21. The Palazzo, Chengdu 9 The Second Yufeng Road, Chenghua District, East Chengdu, Sichuan Province	2078 2048	20.0%	2,673,385	1,526,893 128,563 <u>29,876</u> <u>1,685,332</u>	R C H	Foundation works in progress	April 2022
22. Dynasty Park, Zhangzhou 298 Tengfei Road, Xiangcheng District, Zhangzhou, Fujian Province	2075 2045	100.0%	962,939	2,216,683 <u>93,502</u> <u>2,310,185</u>	R C	Superstructure works in progress	June 2022

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

Sino Land Company Limited

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

I/We ^(Note 1) _____
of _____
being the registered holder(s) of ^(Note 2) _____
ordinary shares of 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 24th day of October, 2019 at 9:30 a.m. 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, 2019.		
2. To declare a final dividend of HK\$0.41 per ordinary share with an option for scrip dividend.		
3. (i) To re-elect Mr. Daryl Ng Win Kong as Director.		
(ii) To re-elect Mr. Ringo Chan Wing Kwong as Director.		
(iii) To re-elect Mr. Gordon Lee Ching Keung as Director.		
(iv) To re-elect Ms. Velencia Lee as Director.		
(v) To authorise the Board to fix the Directors' remuneration for the financial year ending 30th June, 2020.		
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 Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email at sinoland83-ecom@hk.tricorglobal.com.



