

ANNUAL REPORT 2008



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 Registrars, Tricor Friendly Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.

The Annual Report (in both English and Chinese versions) has been posted on the Company's website at <http://www.sino.com>. Shareholders who have chosen to rely on copies of the Corporate Communications (including but not limited to annual report, summary financial report (where applicable), interim report, summary interim report (where applicable), notice of meeting, listing document, circular and proxy form) posted on the Company's website in lieu of any or all the printed copies thereof may request the printed copy of the Annual Report.

Shareholders who have chosen to receive the Corporate Communications using electronic means through the Company's website and who for any reason have difficulty in receiving or gaining access to the Annual Report posted on the Company's website will promptly 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 reasonable notice in writing to the Company's Registrars, Tricor Friendly Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.

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CORPORATE INFORMATION

Board of Directors

Robert Ng Chee Siong, Chairman
Ronald Joseph Arculli, GBS, CVO, OBE, JP#
Allan Zeman, GBS, JP*
Adrian David Li Man-kiu*
Steven Ong Kay Eng*
Raymond Tong Kwok Tung
Daryl Ng Win Kong

(# Non-executive Director)

(* Independent Non-executive Directors)

Audit Committee

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

Remuneration Committee

Daryl Ng Win Kong, Chairman
Allan Zeman, GBS, JP
Adrian David Li Man-kiu

Authorized Representatives

Robert Ng Chee Siong
Raymond Tong Kwok Tung

Secretary

Eric Ip Sai Kwong

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants, Hong Kong

Solicitors

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

Shareholders' Calendar

Closure of Register of Members 10th November, 2008 to
13th November, 2008
(both dates inclusive)

Annual General Meeting 13th November, 2008

Interim Dividend HK10 cents per share
Paid 16th May, 2008

Final Dividend HK30 cents per share
Payable 12th December, 2008

**Last Date for lodging
scrip dividend
election forms** 4th December, 2008
4:30 p.m.

Principal Bankers

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

Investor Relations Contact

Please direct enquiries to:
General Manager – Corporate Finance
Telephone : (852) 2734 8312
Fax : (852) 2369 1236
E-mail : 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
Internet : <http://www.sino.com>
E-mail : info@sino.com

Registrars

Tricor Friendly Limited
26th Floor, Tesbury Centre,
28 Queen's Road East,
Hong Kong
Telephone : (852) 2980 1333
Fax : (852) 2861 1465

Listing Information

Stock Code 247

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of **Tsim Sha Tsui Properties Limited** will be held at The Pacific Rooms, 9th Floor, Towers Wing, The Royal Pacific Hotel & Towers, 33 Canton Road, Tsim Sha Tsui, Kowloon, on Thursday, the 13th day of November, 2008 at 10:00 a.m. or as soon as the annual general meeting of Sino Land Company Limited closes, whichever is the later, for the following purposes:

1. To receive and consider the audited Financial Statements and the Directors' and Independent Auditor's Reports for the year ended 30th June, 2008.
2. To declare a final dividend.
3. To re-elect retiring Directors and to authorise the Board to fix the Directors' remuneration.
4. To re-appoint Deloitte Touche Tohmatsu as Auditor for the ensuing year and authorise the Board to fix their remuneration.
5. As special business to consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

Ordinary Resolutions

- (i) **"THAT:**
 - (a) subject to paragraph (i)(b) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time be and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of the shares to be repurchased pursuant to the approval in paragraph (i)(a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and
 - (c) for the purposes of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:

- (1) the conclusion of the next Annual General Meeting of the Company;
- (2) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; and
- (3) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting."

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

(ii) **“THAT:**

- (a) a general mandate be and is hereby unconditionally given to the Directors of the Company to exercise during the Relevant Period all the powers of the Company to allot, issue and deal with additional shares of the Company, to allot, issue or grant securities of the Company, including bonds, debentures and notes convertible into shares of the Company and to make or grant offers, agreements or options which would or might require the exercise of such powers either during or after the Relevant Period, provided that these powers of the Directors and this general mandate is in respect of and in addition to any shares which may be issued on the exercise of the subscription rights under the Company's warrants or pursuant to any scrip dividend scheme or pursuant to a rights issue or pursuant to the exercise of any share option scheme adopted by the Company or pursuant to any rights of conversion under any existing convertible bonds, debentures or notes of the Company, and provided further that these powers of the Directors and this general mandate shall be subject to the restrictions that the aggregate nominal amount of shares allotted or agreed to be allotted or issued pursuant thereto, whether by way of option or conversion or otherwise, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution; and

- (b) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (1) the conclusion of the next Annual General Meeting of the Company;
- (2) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; and
- (3) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

- (iii) **“THAT**, conditional upon the resolutions (i) and (ii) above being passed, the aggregate nominal amount of the shares which are repurchased by the Company under the authority granted pursuant to resolution (i) above (up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution) shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to resolution (ii) above.”

By Order of the Board
Eric IP Sai Kwong
Secretary

Hong Kong, 13th October, 2008

NOTICE OF ANNUAL GENERAL MEETING *(Continued)*

Notes:

- (a) At the Annual General Meeting, the Chairman of the Meeting will exercise his power under Article 74 of the Company's Articles of Association to put each of the above resolutions to the vote by way of a poll. On a poll, every shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder.
- (b) Any member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and on a poll vote instead of him. A proxy need not be a member of the Company.
- (c) In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be lodged at the registered office of the Company at 12th Floor, Tsim Sha Tsui Centre, Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting.
- (d) The Register of Members of the Company will be closed from Monday, 10th November, 2008 to Thursday, 13th November, 2008, both dates inclusive, during which period no share transfers will be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Friendly Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 7th November, 2008.

GROUP FINANCIAL SUMMARY

	Year ended 30th June,				
	2004 HK\$	2005 HK\$	2006 HK\$	2007 HK\$	2008 HK\$
Turnover	<u>4,277,645,604</u>	<u>4,200,138,919</u>	<u>8,382,271,778</u>	<u>7,598,901,347</u>	<u>6,338,666,190</u>
Profit attributable to equity holders	<u>712,135,811</u>	<u>2,740,910,779</u>	<u>3,141,928,270</u>	<u>3,357,484,479</u>	<u>4,678,945,536</u>
Non-current assets	29,292,386,163	32,279,067,666	38,479,062,645	44,290,694,830	53,846,737,050
Current assets	16,316,342,987	19,184,988,423	29,908,399,228	30,428,854,016	34,657,588,930
Current liabilities	<u>(8,914,121,775)</u>	<u>(4,358,555,404)</u>	<u>(9,986,435,807)</u>	<u>(11,031,295,823)</u>	<u>(13,167,516,026)</u>
	<u>36,694,607,375</u>	<u>47,105,500,685</u>	<u>58,401,026,066</u>	<u>63,688,253,023</u>	<u>75,336,809,954</u>
Share capital	274,998,434	278,599,087	281,674,438	286,315,877	290,187,562
Reserves	<u>9,268,951,313</u>	<u>12,039,735,298</u>	<u>16,232,969,114</u>	<u>19,823,674,870</u>	<u>24,461,383,732</u>
Shareholders' funds	9,543,949,747	12,318,334,385	16,514,643,552	20,109,990,747	24,751,571,294
Equity component of convertible bonds of a listed subsidiary	–	182,663,817	174,120,907	–	–
Minority interests	14,711,168,237	16,444,468,516	18,252,426,505	22,713,593,244	29,257,946,975
Non-current liabilities	<u>12,439,489,391</u>	<u>18,160,033,967</u>	<u>23,459,835,102</u>	<u>20,864,669,032</u>	<u>21,327,291,685</u>
	<u>36,694,607,375</u>	<u>47,105,500,685</u>	<u>58,401,026,066</u>	<u>63,688,253,023</u>	<u>75,336,809,954</u>
Shareholders' funds at book value per share	6.94	8.84	11.72	14.05	17.06
Basic earnings per share (cents)	52.03	198.52	224.59	236.58	324.91
Dividend per share (cents)	12.00	20.00	37.00	38.50	40.00

CHAIRMAN'S STATEMENT

I am pleased to present the 2007/2008 Annual Report to shareholders.

FINAL RESULTS

The Group's audited consolidated net profit attributable to shareholders for the financial year ended 30th June, 2008 increased to HK\$4,678.9 million, representing an increase of 39.3% compared with HK\$3,357.4 million in the previous financial year. The turnover of the Group was HK\$6,338.6 million and earnings per share for the year was 324.91 cents.

Excluding revaluation surplus on investment properties net of deferred tax of HK\$2,197.2 million, the underlying net profit from operations was HK\$2,481.6 million for the financial year 2007/2008 (2007: HK\$2,107.4 million).

DIVIDENDS

The Directors have resolved to recommend a final dividend of 30 cents per share in respect of the year ended 30th June, 2008 to shareholders whose names appear on the Register of Members of the Company on 13th November, 2008. Together with the interim dividend of 10 cents per share, the total dividend for the full year is 40 cents per share.

The Directors propose that shareholders be given the option to receive the final dividend in new shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the proposed final dividend at the Annual General Meeting to be held on 13th November, 2008; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal.

A circular containing details of the scrip dividend proposal will be despatched to shareholders together with the form of election for scrip dividend on or about 17th November, 2008. It is expected that the final dividend warrants and share certificates will be despatched to shareholders on or about 12th December, 2008.

REVIEW OF OPERATIONS

The operations under Sino Land Company Limited ("Sino Land") represent a substantial portion of the operations of the Group as a whole. As at 30th June, 2008, Tsim Sha Tsui Properties Limited (the "Company") had 50.67% interest in Sino Land. Therefore, for discussion purposes, we have focused on the operations of Sino Land.

Sales Activities

Turnover and earnings of Sino Land from sales of properties at subsidiary level for the financial year ended 30th June, 2008 were mainly contributed from the sales of residential units at Vision City, One SilverSea and the detached houses of St. Andrews Place completed in the previous financial years as well as sales of units in two newly completed residential projects in the financial year 2007/2008, namely One New York and Greenfields.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS **Sales Activities** *(Continued)*

(Continued)

One New York, a residential project located in Kowloon West, Hong Kong, offering residents a modern metropolitan lifestyle, was completed and launched in November 2007. The project is within walking distance from the MTR Cheung Sha Wan Station. Sales received good market response with over 65% of its 132 units sold.

Greenfields, a residential project located in Guangzhou, PRC, was completed in September 2007 and offers a total of 238 residential units with a clubhouse and parking facilities to residents. Market response to sales was good with 99% of its total units sold.

As to the major projects already completed namely Vision City, One SilverSea and St. Andrews Place, over 96%, 99% and 88% respectively of the total number of residential units/detached houses were sold.

Earnings of Sino Land from property sales at associate level were mainly derived from completed residential units in Mount Beacon located in Kowloon Tong, One HoneyLake in Shenzhen and Chengdu International Community in Chengdu, Sichuan. All of the remaining luxurious residential houses/apartments in Mount Beacon have been sold. Approximately 99% of all the units in One HoneyLake have been sold and approximately 80% of the units launched to date in the Chengdu International Community have been sold.

During the financial year 2007/2008, Sino Land launched the sale of The Palazzo. Market response was good with over 80% of the total residential units sold. The Palazzo is conveniently located in the Shatin area overlooking spectacular panoramic views of the Shatin racecourse, the lush Penfold Park, Tolo Harbour and Shing Mun River. It is characterised by elegant architecture consisting of a total of 1,375 luxurious residential units and 220,000 square feet of enchanting clubhouse. Further, The Palazzo is easily accessed by public transportations and is next to the MTR Fo Tan Station. The railway line will also link up with the Shatin to Central Link currently under planning. The project is expected to be completed and the earnings will be recognised in the coming financial year 2008/2009.

Sino Land completed three new residential projects, the final phase of One HoneyLake in Shenzhen and one phase of the Chengdu International Community in Chengdu with a total attributable gross floor area of over 1 million square feet in the financial year ended 30th June, 2008.

Land Bank

As at 30th June, 2008, Sino Land has a land bank of approximately 44.8 million square feet of attributable gross floor area comprising a balanced portfolio of properties of which 69% is residential; 20% commercial; 5% industrial; 3% car parks and 3% hotels. In terms of breakdown of the land bank by status, 34.0 million square feet consist of properties under development, 9.9 million square feet of properties for investment/own use and 0.9 million square feet of properties held for sale. Sino Land will continue to selectively replenish its land bank, both in Hong Kong and in Mainland China, to optimise its earnings potential.

CHAIRMAN'S STATEMENT *(Continued)*

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

During the financial year 2007/2008, Sino Land acquired 7 plots of land for residential and commercial property development. Details of the acquisitions are as follows:

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. TPTL 186 (Site B) Pak Shek Kok, Tai Po, New Territories, Hong Kong	Residential	35%	250,072
2. Aberdeen Inland Lot No. 451, Aberdeen, Hong Kong	Residential	35%	225,220
3. KIL 11192 Beech Street/Ivy Street, West Kowloon, Hong Kong	Residential/ Retail	Joint Venture	225,527
4. Lot No. 245 in Demarcation District No. 331, Cheung Sha, Lantau Island, Hong Kong	Residential	100%	71,417
5. KIL 11181 Baker Court, Hung Hom, Kowloon, Hong Kong	Residential/ Retail	Joint Venture	26,824
6. Chengdu Project West of Cheng Kun Railway, East of Sha He, South of Cheng Luo Road, North of Ying Hui Road, Cheng Hua District, Chengdu, PRC	Residential/ Commercial/ Hotel	100%	13,109,864
7. Chongqing Project No. 1, Zhong Xing Duan, Qiao Bei Cun, Hua Xin Street, Jiang Bei District, Chongqing, PRC	Residential/ Commercial/ Hotel	50%	5,382,000
			19,290,924

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS **Property Development**

(Continued)

Sino Land expects to complete a total of 9 projects with an attributable gross floor area of approximately 5.1 million square feet in the coming financial year ending 30th June, 2009. Of the total gross floor area expected to be completed, approximately 4.5 million square feet are located in Hong Kong and the remaining are in Xiamen and Fuzhou, PRC.

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
1. Project in Wu Kai Sha (Ma On Shan) STTL 530, MTR Wu Kai Sha Station, New Territories, Hong Kong	Residential/ Retail	Joint Venture	1,858,405
2. The Palazzo STTL 470, Fo Tan, Shatin New Territories, Hong Kong	Residential/ Retail	Joint Venture	1,322,883
3. Exchange Tower 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong	Commercial	100%	609,027
4. TWTL 394 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong	Residential/ Retail	Joint Venture	477,958
5. NKIL 6425 Fuk Wing Street and Fuk Wa Street, Kowloon, Hong Kong	Residential/ Retail	Joint Venture	134,043
6. Two Five Six 256 Hennessy Road, Wan Chai, Hong Kong	Commercial	100%	71,862

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS **Property Development** *(Continued)*

<u>Location</u>	<u>Usage</u>	<u>Group's Interest</u>	<u>Attributable Gross Floor Area</u> <i>(Square feet)</i>
7. Lot No. 2596 in DD92 Kwu Tung, Sheung Shui, New Territories, Hong Kong	Residential	100%	23,638
8. Park Place East of Jia He Lu & South of Lian Hua Bei Lu, Xiamen Lot No. 89-C4 PRC	Residential/ Retail	100%	131,007
9. Sino International Plaza Fuzhou, PRC	Commercial	100%	499,158
			<hr/>
			<u>5,127,981</u>

Rental Activities

Sino Land's rental portfolio continue to perform well in the financial year ended 30th June, 2008. The gross rental revenue, including the attributable share of its associates, increased by 19.1% to HK\$1,915.2 million compared with HK\$1,607.3 million in the previous financial year.

The gross rental revenue sustained substantial increase during the year under review. The overall increase in rental revenue was a broad-based rental increase for lease renewals and the high occupancy maintained across all sectors are indeed encouraging. Newly added rental properties also contributed well including Citywalk in Tsuen Wan, as well as the acquisition of the remaining interests in the development companies of Olympian City 1 and 2 shopping malls.

Sino Land has also rolled out a series of asset enhancement programmes on a continuing basis with specific focus on design upgrades, effective marketing and promotional events, improvement in quality of service and right tenant mix. Refurbishing and adding new facilities have made Sino Land's rental properties more attractive and these include Tuen Mun Town Plaza, China Hong Kong City and Shatin Galleria. Property redevelopment and use conversion on a continuing basis will enhance the value of the rental properties.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS

(Continued)

Rental Activities *(Continued)*

During the financial year 2007/2008, Sino Land has also improved the tenant mix of One Fullerton where a number of award-winning and renowned food and beverage outlets recently opened. The building of One Fullerton, which is located across from The Fullerton Hotel Singapore, was renovated with enhanced waterfront landscape and promenade. The move paves the way to establishing an integrated commercial development named The Fullerton Heritage at the heart of Singapore's central business district and Marina Bay. This development consists of The Fullerton Hotel Singapore, One Fullerton, The Fullerton Waterboat House, a 100-room luxurious boutique hotel named The Fullerton Bay Hotel, The Customs House and the Clifford Pier. The integrated development will offer a world-class waterfront entertainment and dining destination for tourists and locals.

This year, Sino Land organised a series of events in flagship shopping malls including Olympian City 2 and Tuen Mun Town Plaza to celebrate the Beijing 2008 Olympic Games. The 'Hong Kong Welcomes the Torch' events on 2nd May, 2008 took place in both shopping malls and was well attended by the Chief Executive of the HKSAR, and by many celebrities and thousands of supporters. They all rejoiced and shared the Olympic spirit which was very much alive not only in the shopping malls but also throughout Hong Kong. This event was the first of a series of events which took place subsequently to celebrate the Beijing 2008 Olympic Games.

As at 30th June, 2008, Sino Land has approximately 9.9 million square feet of attributable gross floor area of properties for investment/own use, compared to 9.6 million square feet over the previous financial year. Of this portfolio, commercial developments (retail and office) account for 60%, industrial developments 16%, car parks 15%, hotels 6%, and residential 3%. Sino Land expects to complete a total of approximately 3.0 million square feet of attributable gross floor area of investment properties in the next few years which will further increase its recurrent income base.

Hotels

The Fullerton Hotel Singapore

The tourism industry in Singapore has experienced four consecutive calendar years of record growth since 2004. Visitor arrivals in Singapore grew by approximately 4.3% to 10.4 million in the 12-month period from July 2007 to June 2008, up from 9.9 million in the 12-month period from July 2006 to June 2007. The average length of stay has also increased to 3.89 days from 3.53 days over the same periods of comparison. Given that a good increase in business travel resulted from growing economic activity and business conferences, The Fullerton Hotel Singapore recorded favourable growth in average room rate whilst maintaining high occupancy level during the financial year 2007/2008.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS **Hotels** *(Continued)* *(Continued)*

The Fullerton Hotel Singapore (Continued)

Singapore's tourism and hospitality industries are set for further growth in the medium to long term due to more and more tourism related infrastructure and upgraded developments. These include the new two-berth International Cruise Terminal at Marina South that will double its existing cruise ship capacity; the rejuvenation of Orchard Road and transformation of Marina Bay area into a world class city; and the revitalization of Singapore River into a 24-hour entertainment precinct. Major events such as the upcoming Formula 1 Grand Prix scheduled for 28th September, 2008 and the Youth Olympic Games in 2010 to be hosted in Singapore will also be positive for The Fullerton as it will enjoy high visibility and business.

The Fullerton places an emphasis on providing high quality products and services to the discerning guests. Management makes continuous efforts to strengthen the competitiveness of the hotel. During the financial year 2007/2008, Sino Land carried out renovations to upgrade its amenities and facilities. The business centre in the lobby was converted to high-end retail space with all five retail outlets already leased out. A new business centre was established on the first floor. The new Post Bar outlet in Terminal 3 of Changi Airport has been operating since opening in January 2008 and offering customers its quality food and beverages as well as a range of signature cocktails in a relaxing and comfortable environment round the clock.

The Fullerton has received a number of awards from respected organisations and magazines in recognition of its standards of service during the period from July 2007 to September 2008. These awards were as follows:

- 'The Top 100 Hotels' in the *World's Best Awards by Travel + Leisure (2007)*
- 'Reader's Choice Awards' by *Condé Nast Traveler (2007)*
- 'The World's Best Hotels 2007' by *Institutional Investor*
- Ranked the third in both 'Top Business Hotels' and 'Top Conference Hotels' in Best in Travel Poll 2007 by *SmartTravelAsia.com*

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS **Hotels** *(Continued)* *(Continued)*

The Fullerton Hotel Singapore (Continued)

- 'Best Accommodation Experience – Deluxe Hotel' in the *Tourism Awards Singapore (2008)*
- Named one of the 'World's Best Hotels' in Asia in the T+L500 by *Travel + Leisure (2008)*
- Ranked the third in the 'Gold List – World's Best Places to Stay' by *Condé Nast Traveler (2008)* among the hotels in Singapore
- 'Singapore's Leading Hotel' by *World Travel Awards 2008*
- Ranked the third in 'Top Business Hotels' and the second in 'Top Conference Hotels' in Best in Travel Poll 2008 by *SmartTravelAsia.com*

In April this year, management was delighted to receive a compliment from Mr. Lim Neo Chian, Deputy Chairman and Chief Executive of Singapore Tourism Board, who stated in a forum that The Fullerton was one of the handpicked stars because of its emphasis on customer service. His statement has encouraged us to continue to go the extra mile to enhance our quality of service.

Conrad Hong Kong

Visitor arrivals in Hong Kong remained strong increasing to 29.3 million for the 12-month period between 1st July, 2007 and 30th June, 2008, from 26.0 million for the previous 12-month period. While visitors from Mainland China continued to be the main contributor to the growth of the tourism industry in Hong Kong, visitors from other areas such as Europe, UK, Australia and South Korea were on the rise.

The HKSAR Government's efforts to continuously promote Hong Kong tourism industry by introducing various type of thematic travel attractions such as the 2008 Hong Kong Summer Temptations, "Visa 'Million Dollar' Lucky Draw", and 'weekend family travel' for people living in Guangdong province are contributing factors to making Hong Kong a vibrant and interesting city for visitors. Establishing Hong Kong as a MICE (Meeting, Incentive, Convention, Exhibition) destination is conducive to increasing business travel. The award of Best MICE City given to Hong Kong by CEI Asia Pacific Magazine in January 2008 indicates that Hong Kong's conference support and quality of services have gained overseas recognition.

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS **Hotels** *(Continued)* *(Continued)*

Conrad Hong Kong (Continued)

During the financial year 2007/2008, Conrad Hong Kong performed well, recording good growth in occupancy rate, room sales and average room rate compared with the previous financial year 2006/2007. Following the completion of the renovation of all its guest rooms, Nicholini's restaurant and Pacific Bar, Conrad Hong Kong has scheduled to renovate the remaining restaurants and shop. The asset enhancement programme shall continue and ensure that the hotel offers customers enjoyable and comfortable stays with the hotel.

In recognition of its quality of service of Conrad Hong Kong, it has received the following awards from respected organisations and magazines during the period from July 2007 to September 2008:

- 'The World's Best Hotels 2007' by *Institutional Investor*
- 'China's Top Hotels 2007' by *Travel + Leisure China*
- 'Gold List – World's Best Places to Stay' by *Condé Nast Traveler (2008)*
- ALB Editor's Choice 2008 for the 'Best Business Hotels in Hong Kong' by *Asian Legal Business (2008)*
- The three restaurants operated by the hotel namely Nicholini's, Brasserie on the Eighth and Golden Leaf have received the 'Hong Kong Tatler Best Restaurants' Award by *Hong Kong Tatler (2008)*
- 'Top 50 Hotels : Asia' in the World's Best Awards by *Travel + Leisure (2008)*
- One of the 'Top Business Hotels' in the Best in Travel Poll 2008 by *SmartTravelAsia.com*

CHAIRMAN'S STATEMENT *(Continued)*

REVIEW OF OPERATIONS **Mainland Business**

(Continued)

The global economy has been undergoing a period of adjustment since the end of 2007. In particular, sub-prime issues in the United States and inflationary pressure have caused a slowdown in the economic growth of the major economies. China, as one of the major trading partners of the United States and other major economies, has inevitably been affected. Coupled with Mainland China's own internal policy measures, there have been corrections in the property market. As a result, Sino Land has not acquired any sites for property development since August 2007.

However, Sino Land is positive about the economic prospects of Mainland China. The economic growth of China will continue despite some short-term adjustments. Given the Central Government's recent stance to implement measures to boost economic growth as their top policy agenda, this is positive to the development of property market on the Mainland over the medium to long term. Sino Land's commitment to building quality properties and providing after-sales professional property management services have been the key factors in achieving customer satisfaction and we are committed to doing the same for projects in Mainland China.

As at 30th June, 2008, Sino Land has a total of 27.4 million square feet of land bank in China, of which 26.8 million square feet are development land bank and the remaining are completed properties for investment and for sale purposes.

Management would like to take this opportunity to express our heartfelt sympathy to those who suffered profound loss in the Sichuan earthquakes. Sino Land's projects in Cheng Hua District of Chengdu and Jiang Bei District of Chongqing were not affected by the earthquakes and no damage has been reported as the sites were bare land at that time. The Central Government's programme to rebuild the affected areas will induce more investment demand nationwide associated with reconstruction and redevelopment activities.

Other than the matters mentioned above, there has been no material change from the information published in the report and accounts for the financial year ended 30th June, 2007.

CHAIRMAN'S STATEMENT *(Continued)*

FINANCE

As at 30th June, 2008, the Group's gearing ratio was at approximately 26.2%, expressed as a percentage of total borrowings to the total assets. The decrease in gearing compared with that as at 30th June, 2007 was mainly due to the receipts of the sales proceeds from the sales of residential units in Vision City, One SilverSea, houses in St. Andrews Place and receipts from sales of The Palazzo. Of the total borrowings, 29% was repayable within one year, 44% repayable between one and two years and 27% repayable between two and five years. The Group, including the attributable share of its associates, had cash resources of approximately HK\$13,748.3 million, comprising cash on hand of approximately HK\$4,726.0 million together with committed undrawn facilities of approximately HK\$9,022.3 million. All the cash on hand is in the form of deposits in banks of high credit ratings.

There was no material change in foreign currency borrowings and the capital structure of the Group for the financial year ended 30th June, 2008. Foreign exchange exposure has been prudently kept at a minimal level. The Group's borrowings are subject to floating interest rates.

CORPORATE GOVERNANCE

The Group places great significance on corporate integrity, business ethics and good governance. With the objective of achieving best practice of corporate governance, the Group has established an Audit Committee, a Compliance Committee and a Remuneration Committee. Sino Land is committed to maintaining good corporate transparency as well as good communication with investors and shareholders by various channels such as non-deal roadshows, investor conferences, results briefing, site visits and corporate website to disseminate information on the Sino Land's latest developments.

CUSTOMER SERVICE

Sino Land reaffirms its commitment to building quality projects. In keeping with its mission to enhance customer satisfaction, the Group will wherever possible ensure that attractive design concepts and features, which are also environmentally friendly, are integral elements of its developments. Management continues to conduct regular reviews of its properties and where necessary makes improvements to maintain its reputation for the highest standards of quality and service.

Delivering high-quality customer service has long been one of the Sino Land's key business objectives. During the period under review, Sino Property Services received a number of awards from HKSAR Government and renowned organisations in recognition of its quality of service, management capability, contributions in community and charity services, and promotion of environmental protection. Sino Land will continue to make improvement in its quality of service so as to ensure customer satisfaction and enhance branding.

CHAIRMAN'S STATEMENT *(Continued)*

CORPORATE CITIZENSHIP

To further the Group's commitment to good corporate citizenship, the Community Care Committee (the "Committee") works closely with different charitable and voluntary organisations to arrange various community services for the needy.

On the environmental protection side, the Group has collaborated with a number of international organisations from promoting environmental protection to co-organising activities to inspire public interest in protecting our natural resources and encourage the concept of green living.

It is also the Group's belief that supporting local arts and cultural activities is important to foster creativity, reinforce public awareness and fulfill Hong Kong people's artistic appreciation. The Committee will continue to roll out activities for staff participation as well as to serve the community in the years to come.

PROSPECTS

The financial year 2007/2008 was indeed a challenging year. The impact of the price inflation of commodities has spread out to a range of industries. The consolidation of the US economy triggered by sub-prime issues, the housing market, a tightening of credit in financial markets and the problems in mortgage backed securities have affected the world economic growth in general. However, government authorities have responded in a timely manner with appropriate and decisive fiscal and monetary stimulus and other measures to foster confidence and to promote a return of the economy to a sustained path.

Although there has been volatility in equity markets, continuous economic growth in Mainland China, infrastructure developments both within Hong Kong and in Pearl River Delta Region as well as Hong Kong's own economic fundamentals continued to drive the economic growth of Hong Kong. On the other hand, the challenging global economic climate has recently caused consolidation in residential property prices this year but such consolidation is considered a short-term adjustment within a long-term growth cycle. A short term adjustment in the residential property market will bring in a healthy and sustainable growth in the medium to long run.

Notwithstanding the present global economic environment, the underlying macro economic environment in Hong Kong remains fundamentally sound with economic growth at a reasonably favourable level, the unemployment rate staying low and vibrant trade flows between Hong Kong and Mainland China. Furthermore, the negative real interest rate environment, a broad-based increase in payrolls partly balancing out inflation, mortgage rates at comparatively low levels, improvement in home purchase affordability are all positive indicators for the property market to grow in Hong Kong.

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS *(Continued)*

The budget of the HKSAR Government for the fiscal year 2008/09 proposing a series of incentives focusing on the reduction of certain tax rates is conducive to alleviating the burden of tax-payers. Investment in infrastructure developments including the new railway links of the West Island Line, the South Island Line and confirmation of the Shatin to Central Link as well as the upgrading programme for the Hong Kong International Airport are positives for the Hong Kong economy and property market. Further, the proposed Hong Kong-Zhuhai-Macau Bridge will further enhance economic links among these cities and to other Mainland cities which will certainly benefit Hong Kong's economy. As the majority of the Group's assets are in Hong Kong, the Group is well positioned to gain from positive economic and property market factors.

China, Asia's second largest economy, has shown signs of stabilising with inflation gradually contained as government measures have taken effect. Central Government has also indicated that the national economy under macroeconomic control measures is continuing to develop in their expected direction. There have been signs that maintaining economic growth is on top of the Central Government's economic policy agenda. Prospects for the China's economy are good over the medium to long term.

The Group continues to be prudently positioned to benefit from opportunities that will arise in the future and will strive to optimise earnings, improve the quality of its properties and services, and enhance customers' lifestyles. The Group will maintain a policy of selectively and continuously replenishing its land bank both in Hong Kong and China, which will enable it to strengthen earnings and profitability, and continue to deliver shareholder value. The Directors are indeed confident in the medium to long term prospects of the Group.

STAFF AND MANAGEMENT

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

Robert NG Chee Siong
Chairman

Hong Kong, 17th September, 2008

BIOGRAPHICAL DETAILS OF DIRECTORS & SENIOR MANAGEMENT

(I) EXECUTIVE DIRECTORS

Mr. Robert Ng Chee Siang, aged 56, an Executive Director since 1978 and Chairman of the Group since 1991, was called to the Bar in 1975. He has been actively engaged in property investment and development in Hong Kong during the last 32 years and is also the director of a number of subsidiaries and associated companies of the Company. Mr. Ng is the Chairman of Sino Land Company Limited (“Sino Land”), the subsidiary company of the Company, and the Chairman of Sino Hotels (Holdings) Limited (“Sino Hotels”). In addition, he is an Independent Non-executive Director of The Hongkong and Shanghai Hotels, Limited and a Member of the 11th National Committee of the Chinese People’s Political Consultative Conference. Mr. Ng is the father of Mr. Daryl Ng Win Kong, an Executive Director of the Company.

Mr. Raymond Tong Kwok Tung, aged 66, an Executive Director of the Company and Sino Land since 1997 and director of a number of subsidiaries and associated companies of the Company. He was a solicitor in private practice in Hong Kong for 30 years and was previously the senior partner of a leading solicitor firm in Hong Kong. He was also admitted as a solicitor in United Kingdom, Singapore and Australia. He is a China Appointed Attesting Officer and also a Notary Public in Hong Kong. He joined the Company in 1997 and had been in charge of Property Management Department (now known as “Sino Property Services”) (consisting of property management, cleaning, security and carpark services) and hotel division. He is in charge of the Legal and Company Secretarial Departments, Internal Audit and Corporate Compliance of the Group, and the Group’s property development and investment in the PRC.

Mr. Daryl Ng Win Kong, aged 30, an Executive Director of the Company since April 2005, holds a Bachelor of Arts Degree from Columbia University in New York. Mr. Ng first joined the Company as Executive (Development) in 2003. He is a director of a number of subsidiaries and associated companies of the Company and is an Executive Director of Sino Land and Sino Hotels. He is also an Independent Non-executive Director of Blue Cross (Asia-Pacific) Insurance Limited and BEA Life Limited and a Director of Hong Kong Design Centre. He is a Member of the Infrastructure Development Advisory Committee of the Hong Kong Trade Development Council, a General Committee Member of The Chamber of Hong Kong Listed Companies, a Member of the International Advisory Council of Columbia University in the City of New York, a member of the Tenth Sichuan Committee of Chinese People’s Political Consultative Conference and a committee member of the Tenth All-China Youth Federation. He is the eldest son of the Chairman Mr. Robert Ng Chee Siang.

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

(II) NON-EXECUTIVE DIRECTOR

The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP, aged 69, has been a Director of the Company since 1994 and was re-designated from an Independent Non-executive Director to a Non-executive Director in July 2005. The Honourable Ronald Arculli through Arculli and Associates (July – December 2005) and since 1st January, 2006 through Ronald Arculli and Associates provide consultancy services to the Company. He is also a Non-executive Director of Sino Land and Sino Hotels. The Honourable Ronald Arculli is the Independent Non-executive Chairman of Hong Kong Exchanges and Clearing Limited and 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 is currently a non-official member of the Executive Council of The Hong Kong Special Administrative Region Government, the Chairman of Committee on the Review of Post-service Outside Work for Directorate Civil Servants, an Honorary Advisor of the Social Ventures Hong Kong Limited and a board member of The Hong Kong Mortgage Corporation Limited. He has a distinguished record of public service on numerous government committees and advisory bodies. The Honourable Ronald Arculli is an Independent Non-executive Director of Hang Lung Properties Limited and SCMP Group Limited, and a Non-executive Director of Hongkong Electric Holdings Ltd., Hutchison Harbour Ring Limited and HKR International Limited.

(III) INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Allan Zeman, GBS, JP, aged 60, an Independent Non-executive Director of the Company since September 2004, is the holder of Honorary Doctor of Laws Degree from The University of Western Ontario, Canada. He is also an Independent Non-executive Director of Sino Land. After spending more than 38 years in Hong Kong, Dr. Zeman has established many business interests in Hong Kong and overseas, ranging from property development, entertainment to public relations, in addition to having an interest in Li & Fung Limited, a listed company in Hong Kong. Dr. Zeman is the Chairman of Ocean Park, a major theme park in Hong Kong, and also the Chairman of Lan Kwai Fong Holdings Limited, the major ultimate property owner and developer in Lan Kwai Fong, one of Hong Kong's most popular tourist destinations. Dr. Zeman is a member of the Tourism Strategy Group for the Hong Kong Tourism Commission, the Business Facilitation Advisory Committee, the Commission on Strategic Development to serve on Economic Development and Economic Cooperation with Mainland. Dr. Zeman serves as a board member on a number of public bodies in Hong Kong, including the Hong Kong Arts Festival, the Hong Kong Community Chest and the Urban Renewal Authority. Dr. Zeman is a Director of The "Star" Ferry Company, Limited and an Independent Non-executive Director of Pacific Century Premium Developments Limited and The Link Management Limited. Dr. Zeman is also a Director of Wynn Resorts, Limited, a listed company in USA.

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

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

Mr. Adrian David Li Man-kiu, aged 35, an Independent Non-executive Director since April 2005, is the General Manager and Head of Corporate Banking Division of The Bank of East Asia, Limited since 2000. He is also an Independent Non-executive Director of Sino Land and Sino Hotels. He is a member of the Ninth and Tenth Guangdong Provincial Committee and was formerly a member of the Ninth and Tenth Guangzhou Committee of the Chinese People's Political Consultative Conference, P.R.C.. He is also a committee member of the Ninth and Tenth All-China Youth Federation and the Deputy Chairman of the Ninth Beijing Municipality Youth Federation. In addition, he is the Council Member of the Vocational Training Council, a member of the Advisory Board and Chairman of the Investment Committee of the Hong Kong Export Credit Insurance Corporation and a member of the Mandatory Provident Fund Industry Schemes Committee of the Mandatory Provident Fund Schemes Authority. He also sits on the Board of Ocean Park Corporation and is an Independent Non-executive Director of China State Construction International Holdings Limited. Further, he is an Alternative Independent Non-executive Director of San Miguel Brewery Hong Kong Limited and AFFIN Holdings Berhad, the latter is listed on the main board of the Malaysia Stock Exchange. Mr. Li holds a Master Degree in management from Kellogg Graduate School of Management, Northwestern University, Evanston, Illinois, US, a Master Degree of Arts and a Bachelor Degree of Arts in Law from the University of Cambridge. He is a member of The Law Society of England and Wales and The Law Society of Hong Kong.

Mr. Steven Ong Kay Eng, aged 62, an Independent Non-executive Director since July 2005, is a Director of Altrade Investments Pte. Ltd. in Singapore. He is also an Independent Non-executive Director of Sino Hotels. He is also a substantial shareholder of Hwa Hong Corporation Limited, which is listed on the main board of the Singapore Stock Exchange. Mr. Ong has been a veteran banker with extensive experience in banking and finance over 43 years. He was the Chairman of Foreign Bankers' Association in Beijing, People's Republic of China from 1999 to 2000.

(IV) SENIOR MANAGEMENT

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

CORPORATE GOVERNANCE

The Board of Directors (the “Board”) is committed to providing effective management and sound control of the Company for maximizing the shareholders’ value. The corporate governance principles of the Company emphasize the attainment and maintenance of a high standard of corporate governance practices and procedures, a quality Board, sound internal controls and high transparency and accountability to the shareholders. The Company has adopted its own Code on Corporate Governance Practices and has complied with all code provisions as set out in Appendix 14 to the Listing Rules (the “Code”) except that there was no separation of the roles of the chairman and the chief executive officer. The corporate governance practices of the Company in compliance with the Code during the financial year ended 30th June, 2008 with explanation of the abovementioned deviation are set out below in this report.

CORPORATE GOVERNANCE PRACTICES

DIRECTORS

Corporate Governance Principle

The Board is charged with providing overall leadership and control for the Group 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, sets the Group’s objectives, value and standards and oversees and monitors the management performance within the control and delegation framework of the Company. These include the Company’s financial statements, dividend policy, any significant changes in accounting policy, adoption of corporate governance practices and procedures and risk management strategies.

Board Composition

The current Board composes of three Executive Directors including the Chairman of the Board, one Non-executive Director and three Independent Non-executive Directors.

The Board members are:

Executive Directors

Mr. Robert Ng Chee Siong (*Chairman*)

Mr. Raymond Tong Kwok Tung

Mr. Daryl Ng Win Kong

Non-executive Director

The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP

Independent Non-executive Directors

Dr. Allan Zeman, GBS, JP

Mr. Adrian David Li Man-kiu

Mr. Steven Ong Kay Eng

Biographical details of the Directors and their relationships, where applicable, are contained on pages 20 to 22 “Biographical Details of Directors & Senior Management”.

CORPORATE GOVERNANCE *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

DIRECTORS *(Continued)*

Division of Responsibilities

The Chairman of the Board provides leadership to the Board and undertakes both the roles of chairman and chief executive officer. 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 is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operations of each business unit are overseen and monitored by designated responsible Executive Directors. The Board found that the current arrangement had worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the three Independent Non-executive Directors have contributed valuable views and proposals for the Board's deliberation and decisions. The Board will review the management structure regularly to ensure it continues to meet these objectives and is in line with the industry practices.

Board Meetings

The Board holds at least four regular meetings a year which are scheduled at the beginning of the year and will meet more frequently as and when required. During the financial year ended 30th June, 2008, the Board had held four meetings and the attendance records of the Directors are set out on page 28.

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. All Directors are subject to retirement from office by rotation and re-election at the annual general meeting once every three years in accordance with the Company's articles of association.

The rotating Directors who are subject to retirement and re-election at the 2008 annual general meeting are set out on page 30.

The Company has not established a nomination committee. The Board is collectively responsible for appointing new Directors either to fill causal vacancies or as additional Board members.

The structure, size and composition of the Board will be reviewed from time to time to ensure that the Board has a balanced skill and expertise for providing effective leadership to the Company.

Confirmation of Independence

The independence of the Independent Non-executive Directors were assessed in accordance with the applicable Listing Rules. Each of the Independent Non-executive Directors has provided an annual written confirmation of their independence that they meet the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors are independent.

CORPORATE GOVERNANCE *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Emolument Policy

The Company's emolument policy is to ensure that the remuneration offered to employees including Executive Directors and senior management is based on the skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of Executive Directors are also determined by reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each Director. The emolument policy for Non-executive Directors is to ensure that the Non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in the Board Committees. Individual Director and senior management would not be involved in deciding their own remuneration.

Remuneration Committee

The Company established its Remuneration Committee on 23rd June, 2005 with written terms of reference. The Committee comprises three members with the Independent Non-executive Directors constituting the majority of the Committee. The Chairman of the Committee is the Executive Director, Mr. Daryl Ng Win Kong and two other members are the Independent Non-executive Directors, namely Dr. Allan Zeman, GBS, JP and Mr. Adrian David Li Man-kiu.

The Remuneration Committee is responsible for, inter alia, making recommendations to the Board on the Company's emolument policy and structure for Directors and senior management and on the establishment of a formal and transparent procedure for developing such policy and structure. In arriving at its recommendations, the Committee will consult with the Chairman and take into consideration factors including but not limited to salaries paid by comparable companies, employment conditions elsewhere in the Company and its subsidiaries and desirability of performance-based remuneration. The Committee would meet at least annually to make recommendations to the Board on the Group's emolument policy including the remuneration of Directors and senior management.

During the year, the Remuneration Committee has held one meeting, reviewed and endorsed the Company's existing emolument policy and reviewed the remuneration of Directors. No Director was involved in deciding his own remuneration at the meeting of the Committee. The attendance records of individual Committee members are set out on page 28.

The written terms of reference of the Remuneration Committee are available at the Company's website www.sino.com.

Details of the Directors' emoluments for the year are set out in note 13 to the consolidated financial statements.

CORPORATE GOVERNANCE *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for the 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 Group 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 Group keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

The auditor is responsible for auditing and reporting his opinion on the financial statements of the Group and the independent auditor's report for the financial year ended 30th June, 2008 is set out on page 44.

Internal Controls and Risk Management

The Board has the responsibility to ensure that the Company maintains sound and effective internal controls to safeguard the interest of the Company and its shareholders.

Based on a guidance (namely, Internal Control and Risk Management – A Basic Framework) issued by the Hong Kong Institute of Certified Public Accountants in June 2005, the Company has enhanced its internal control function by integrating thereto a comprehensive risk management framework which aims to provide reasonable assurance against material errors, losses or fraud. The concepts and practical procedures of the framework are spelled out in the Company's Guideline on Risk Management for the reference of all major business operations and departments to encourage a risk aware and control conscious environment throughout the Group.

Under the Group's internal control and risk management framework, twice a year each major operation unit or department identifies major risks, assesses and evaluates the risks according to their likely impact and the likelihood of occurrence and develops effective control activities to mitigate the risks. The results of such risks assessment, evaluation and mitigation of each operation unit or department are summarized in a standard and consistent manner for the Internal Audit Department's review. Depending on the nature and exposure of the risks of individual operation units or departments, the Internal Audit Department may perform further operational and financial reviews, make recurring and impromptu site investigations on selected risk areas to ensure the effectiveness of the control activities developed by the relevant operation units or departments. The findings by the Internal Audit Department on the weaknesses of control activities are communicated with the operation units or departments concerned. Relevant control activities will be enhanced and post-audit review may be conducted, where appropriate. The Internal Audit Department will summarize the results which will be reported to the Audit Committee, whom will then report to the Board.

During the year, the Board has reviewed the Company's systems of internal controls and risk management and was satisfied that the systems are effective and adequate for their purposes.

CORPORATE GOVERNANCE *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

ACCOUNTABILITY AND AUDIT *(Continued)*

Audit Committee

The Company set up its Audit Committee on 23rd September, 1998. The Committee reports to the Board and has held regular meetings since its establishment to review and make recommendations to improve the Group's financial reporting process and internal controls. The Committee comprises Mr. Adrian David Li Man-kiu (Committee Chairman), Dr. Allan Zeman, GBS, JP and Mr. Steven Ong Kay Eng, all of whom are Independent Non-executive Directors. During the year, the Committee had held four meetings to review the 2007 annual report and accounts, the 2007/2008 interim report and accounts, the internal audit reports on the internal controls and risk management matters and the Compliance Committee reports on the Listing Rules compliance matters of the Company and reported all such relevant matters to the Board.

The Audit Committee has reviewed the accounting policies and practices adopted by the Company and the annual report for the financial year ended 30th June, 2008. The attendance records of individual Committee member are set out on page 28.

The written terms of reference of the Audit Committee are available at the Company's website www.sino.com.

Compliance Committee

The Company set up its Compliance Committee on 30th August, 2004 with written terms of reference to enhance the corporate governance of the Group. The Committee has dual reporting lines. A principal reporting line is to the Board through the Director of Legal, Compliance and Company Secretary, who chairs the Committee. A secondary reporting line is to the Audit Committee. The existing Committee comprises the Director of Legal, Compliance and Company Secretary (Committee Chairman), the other Executive Directors, the two Heads of Legal and Company Secretarial Departments, Group General Manager (Hotel), the Chief Financial Officer, Head of Internal Audit Department, department heads and the Compliance Officer. The Committee holds bi-monthly regular meetings to review and make recommendations to the Board and the Audit Committee on the Group's corporate governance issues and Listing Rules compliance matters.

Codes on Dealing in the Company's Securities

The Company has adopted its code for dealing in the Company's securities by Directors (the "Company Code") on terms no less exacting than the required standard set out in the Model Code of the Listing Rules. The Company has made specific enquiries of all Directors who confirmed compliance with the required standard set out in the Company Code during the year ended 30th June, 2008.

The Company has also adopted a code for dealing in the Company's securities by relevant employees, who are likely to be in possession of unpublished price-sensitive information in relation to the securities of the Company, on no less exacting terms than the Model Code.

CORPORATE GOVERNANCE *(Continued)*

CORPORATE GOVERNANCE PRACTICES *(Continued)*

ACCOUNTABILITY AND AUDIT *(Continued)*

Auditors' Remuneration The fees in respect of audit and non-audit services provided to the Company and its subsidiaries by the auditors for the year ended 30th June, 2008 amounted to HK\$4,352,146 and HK\$914,500 respectively. The non-audit services mainly consist of taxation, review and other reporting services.

COMMUNICATION WITH SHAREHOLDERS

Timely Performance Information The Board is committed to providing clear performance information of the Company to the investors through timely publication of interim and annual results and reports. Copies of the annual reports and interim reports of the Company are distributed to its shareholders in accordance with statutory and regulatory requirements and also to interested parties recorded in the Company's mailing lists. The publications of the Company, including financial reports, circulars and announcements, are also available for download from the Company's corporate website. The corporate website is another channel through which the Company provides up-to-date key information of the Group to its shareholders.

Annual General Meeting The Board strives to maintain an on-going dialogue with the shareholders of the Company and use annual general meeting as one of the principal channels for communicating with the shareholders. At the annual general meeting, each substantially separate issue will be considered by a separate resolution, including the election of individual directors. The Chairmen of the Board and the respective Board Committees usually attend annual general meetings to inter-face with and answer questions from the shareholders. The procedures for voting by poll at the annual general meeting are contained in the circular to the shareholders which is dispatched together with the annual report.

Directors' Attendance Records for meetings held during the financial year ended 30th June, 2008

Name of Directors	Number of meetings attended/held		
	Board	Audit Committee	Remuneration Committee
Mr. Robert Ng Chee Siong	4/4	–	–
The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP	3/4	–	–
Dr. Allan Zeman, GBS, JP	3/4	2/4	1/1
Mr. Adrian David Li Man-kiu	4/4	4/4	1/1
Mr. Steven Ong Kay Eng	4/4	4/4	–
Mr. Raymond Tong Kwok Tung	1/4	–	–
Mr. Daryl Ng Win Kong	4/4	–	1/1

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 30th June, 2008.

PRINCIPAL ACTIVITIES

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 45.

An interim dividend of HK10 cents per share amounting to HK\$750,037 by way of cash dividends and HK\$143,849,416 by way of scrip alternatives were paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK30 cents per share to the shareholders on the Register of Members on 13th November, 2008, amounting to HK\$435,281,342.

INVESTMENT PROPERTIES

During the year, the Group acquired investment properties/arising on acquisition of subsidiaries and disposed of investment properties of HK\$4,977,789,201 and HK\$3,885,213, respectively, and also transferred from properties under development of HK\$120,607,866 to investment properties. The Group fair valued all its investment properties at the year end date and the increase in fair value of the investment properties amounting to HK\$3,909,016,692 has been credited directly to the consolidated income statement.

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

PROPERTY, PLANT AND EQUIPMENT

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

MAJOR PROPERTIES

Details of the major properties of the Group at 30th June, 2008 are set out on pages 131 to 146.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates at 30th June, 2008 are set out in Notes 49 and 50 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in Note 35 to the consolidated financial statements.

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

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

DIRECTORS' REPORT *(Continued)*

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders at 30th June, 2008 were the retained profits of HK\$506,429,533 (2007: HK\$422,783,442).

TREASURY, GROUP BORROWINGS AND INTEREST CAPITALISED

The Group maintains a prudent approach in its treasury management with foreign exchange exposure being kept at a minimal level and interest rates on a floating rate bases. Bank loans, overdrafts and other borrowings repayable within one year or on demand are classified as current liabilities. Repayment analysis of bank and other borrowings as at 30th June, 2008 are set out in Notes 33 and 34 to the consolidated financial statements.

Interest expenses capitalised by the Group during the year in respect of properties under development amounted to HK\$274,659,368.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors

Mr. Robert Ng Chee Siong
Mr. Raymond Tong Kwok Tung
Mr. Daryl Ng Win Kong

Non-executive Director

The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP

Independent Non-executive Directors

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

In accordance with the provisions of the Company's Articles of Association and pursuant to Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Mr. Adrian David Li Man-kiu, Mr. Steven Ong Kay Eng and Mr. Daryl Ng Win Kong will retire at the forthcoming Annual General Meeting and, who being eligible, will offer themselves for re-election.

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS

As at 30th June, 2008, the interests and short positions held by the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Long Positions in Shares of the Company

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	556,913	Beneficial owner	0.03%
The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP	60,000	Beneficial owner	≈0%
Dr. Allan Zeman, GBS, JP	–	–	–
Mr. Adrian David Li Man-kiu	–	–	–
Mr. Steven Ong Kay Eng	–	–	–
Mr. Raymond Tong Kwok Tung	–	–	–
Mr. Daryl Ng Win Kong	–	–	–

(b) Long Positions in Shares of Associated Corporations

(i) Subsidiary Company

Sino Land Company Limited

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	2,850,962	Beneficial owner of 127,296 shares and spouse interest in 2,723,666 shares	0.05%
The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP	1,044,095	Beneficial owner	0.02%
Dr. Allan Zeman, GBS, JP	–	–	–
Mr. Adrian David Li Man-kiu	–	–	–
Mr. Steven Ong Kay Eng	–	–	–
Mr. Raymond Tong Kwok Tung	–	–	–
Mr. Daryl Ng Win Kong	72,971	Beneficial owner	≈0%

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS (Continued)

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

(ii) Associated Companies

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

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

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 Devlin Limited, a wholly-owned subsidiary of Osborne.
3. The shares were held by Erleigh Investment Limited, a company 55% controlled by Osborne.
4. The shares were held by Jade Result Limited, a company 50% controlled by Osborne.
5. The share(s) was(were) held by Osborne.
6. The shares were held by Standard City Limited, a wholly-owned subsidiary of Osborne.

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTERESTS *(Continued)*

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

(ii) Associated Companies *(Continued)*

Notes: (Continued)

7. *The share was held by Pure Win Company Limited, a wholly-owned subsidiary of Osborne.*
8. *The shares were held by Goegan Godown Limited, a wholly-owned subsidiary of Osborne.*
9. *The shares were held by Sino Real Estate Agency Limited, a company 50% controlled by Deansky Investments Limited in which Mr. Robert Ng Chee Siong had a 100% control.*
10. *The shares were held by Deansky Investments Limited.*

Save as disclosed above, as at 30th June, 2008, 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' INTERESTS IN COMPETING BUSINESSES

Pursuant to paragraph 8.10 of the Listing Rules, the Company discloses that during the year, the following 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. Raymond Tong Kwok Tung held directorships in companies of Ng Family (including Mr. Ng Teng Fong, Mr. Robert Ng Chee Siong and their respective associates) which engage in businesses of property investment, development and management and/or hotel operation.

The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP, is an Independent Non-executive Director of Hang Lung Properties Limited, Non-executive Director of HKR International Limited and Hutchison Harbour Ring Limited, which engage in businesses of property investment, development and management and/or hotel operation respectively.

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Apart from the transactions disclosed under the heading "Related Party Disclosures" as set out in Note 48 to the consolidated financial statements, there were no other 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 had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

DIRECTORS' REPORT (Continued)

SERVICE CONTRACTS

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

CONNECTED TRANSACTIONS

(A) Existing Continuing Connected Transactions up to 30th June, 2008

The Company and Sino Land Company Limited ("Sino Land") jointly announced on 29th June, 2007 that the Group had entered into agreements on 28th June, 2007 ("Agreements" or individually "Agreement") relating to the following non-exempt continuing connected transactions between the Company or its subsidiaries and the Ng Family (including Mr. Ng Teng Fong, Mr. Robert Ng Chee Siong and their respective associates) for the three financial years commencing from 1st July, 2007 and ending on 30th June, 2010 with annual caps fixed for each of the years. Particulars of the Agreements together with the total considerations for the year ended 30th June, 2008 are disclosed herein as required under the Listing Rules:

(a) Building Cleaning Services

Party A:	Best Result Cleaning Services Limited, a wholly-owned subsidiary of Sino Land
Party B:	Ng Family
Nature of transactions:	Provision of building cleaning services by the Group to properties owned or partly owned by the Ng Family
Terms:	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin
Annual Cap:	HK\$82 million
Total consideration for the year:	HK\$44.70 million

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Existing Continuing Connected Transactions up to 30th June, 2008 *(Continued)*

(b) Car Park Management Services

Party A:	Sino Parking Services Limited, a company held as to 50% by Sino Land and 50% by the Ng Family
Party B:	The Group
Nature of transactions:	Provision of car park management services by the Ng Family to properties owned or partly owned by the Group
Terms:	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 Sino Parking Services Limited pursuant to the Agreement
Annual Cap:	HK\$20 million
Total consideration for the year:	HK\$12.29 million

DIRECTORS' REPORT (Continued)

CONNECTED TRANSACTIONS (Continued)

(A) Existing Continuing Connected Transactions up to 30th June, 2008 (Continued)

(c) Estate Management and General Administrative Services

Party A: Sino Estates Management Limited, a wholly-owned subsidiary of Sino Land

Party B: Ng Family

Nature of transactions: Provision of estate management, life style services, home maintenance services, courtesy services and general administrative services by the Group to properties owned or partly owned by the Ng Family

Terms: 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 Sino Estates Management Limited pursuant to the Agreement

Annual Cap: HK\$40 million

Total consideration for the year: HK\$21.68 million

(d) Security Guard Services

Party A: Sino Security Services Limited, a wholly-owned subsidiary of Sino Land

Party B: Ng Family

Nature of transactions: Provision of security guard services by Sino Security Services Limited to properties owned or partly owned by the Ng Family

Terms: A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin

Annual Cap: HK\$80 million

Total consideration for the year: HK\$50.32 million

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Existing Continuing Connected Transactions up to 30th June, 2008 *(Continued)*

(e) Lease of Premises

Party A:	The Group
Party B:	Ng Family
Nature of transactions:	Lease of premises by: <ul style="list-style-type: none">(a) the Group of properties owned or partly owned by the Ng Family(b) the Ng Family of properties owned or partly owned by the Group
Terms:	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 premises
Annual Cap:	HK\$54 million, comprising <ul style="list-style-type: none">(a) lease of premises by the Group – HK\$53 million; and(b) lease of premises by the Ng Family – HK\$1 million
Total consideration for the year:	HK\$46.67 million, comprising <ul style="list-style-type: none">(a) lease of premises by the Group – HK\$46.05 million; and(b) lease of premises by the Ng Family – HK\$0.62 million

Basis of the abovementioned annual caps was by reference to the nature and value of these transactions for the three years ended 30th June, 2007, 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.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Existing Continuing Connected Transactions up to 30th June, 2008 *(Continued)*

The Ng Family is a connected person of the Company and its subsidiary Sino Land. Therefore the above transactions constituted continuing connected transactions of the Company pursuant to the Listing Rules.

The Group is a leading property management services provider, which provides services including building cleaning services, car park management services, estate management services, security guard services and other services. The Directors considered that the above continuing connected transactions were consistent with the business and commercial objectives of the Group and further strengthened the footholds of the Group in the provision of property management services in Hong Kong.

During the year, the above continuing connected transactions were carried out within their respective annual caps and have been reviewed by the Directors of the Company (including the Independent Non-executive Directors). The Independent Non-executive Directors have confirmed that during the year, the above continuing connected transactions were all conducted and entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms (on arm's length basis or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties);
- (iii) in accordance with the relevant agreements governing such transactions; and
- (iv) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(B) Acquisition of Interests in companies regarding Olympian City 1 and Olympian City 2

(a) The Company and Sino Land jointly announced on 12th December, 2007 that:

- (i) Sino Hope Investments Limited ("Sino Hope", an indirect wholly-owned subsidiary of Sino Land) and the Harvest Sun Sellers (comprising Super Creation Investments Limited ("Super Creation"), Calistock Limited ("Calistock") and Macwest Limited ("Macwest")) entered into an agreement pursuant to which Sino Hope acquired shares representing 60% of interest in Harvest Sun (B.V.I.) Limited ("Harvest Sun") held by the Harvest Sun Sellers at a consideration of HK\$265,313,828 (subject to adjustment by reference to completion accounts and a completion audit). Super Creation, Calistock and Macwest held 30%, 20% and 10% interest in Harvest Sun respectively.

After completion of the transaction, Sino Hope owned a total of 60% of the issued share capital of Harvest Sun, and Sino Land (together with another 30% interest held by its wholly-owned subsidiary, King Chance Development Limited ("King Chance")) indirectly held a total of 90% of the issued capital of Harvest Sun.

- (ii) Sino Vision Holdings Limited ("Sino Vision", an indirect wholly-owned subsidiary of Sino Land) and the Benefit Bright Sellers (comprising Pembroke Development Investments Limited ("Pembroke"), Allied Dragon Realty Limited ("Allied Dragon") and Macell Limited ("Macell")) entered into an agreement pursuant to which Sino Vision acquired (a) the shares representing 57.5% of interest in Benefit Bright (B.V.I.) Limited ("Benefit Bright") and the shareholders' loan held and provided by the Benefit Bright Sellers at a consideration of HK\$2,070,135,174 (subject to adjustment by reference to completion accounts and a completion audit); and (b) the shares representing 57.5% of interest in Olympian City 2 Management Company Limited ("OC2 Management") held by the Benefit Bright Sellers at a consideration of HK\$5,750. Pembroke, Allied Dragon and Macell held 32.5%, 15% and 10% interest in each of Benefit Bright and OC1 Management respectively.

After completion of the transactions, Sino Vision owned a total of 57.5% of each of the issued share capital of Benefit Bright and OC2 Management. Sino Land (together with another 42.5% interest held by King Chance) indirectly held a total of 100% of the issued capital of Benefit Bright and OC2 Management respectively.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(B) Acquisition of Interests in companies regarding Olympian City 1 and Olympian City 2 *(Continued)*

(a) *(Continued)*

- (iii) Sino Vision and the OC2 Finance Sellers (comprising Pembroke and Hong Kong Financial Limited, which is wholly-owned by China Overseas Land & Investment Limited) entered into an agreement pursuant to which Sino Vision acquired a total of 50% of issued share capital of Olympian City 2 Finance Company Limited and shareholders' loans held and provided by the OC2 Finance Sellers at a consideration of HK5,312,223 (subject to adjustment by reference to completion accounts and a completion audit). Pembroke and Hong Kong Financial Limited held 38.2% and 11.8% interest in Olympian City 2 Finance Company Limited respectively.

After completion of the transaction, Sino Vision owned a total of 50% of the issued share capital of Olympian City 2 Finance Company Limited, and Sino Land (together with another 50% interest held by King Chance) indirectly held a total of 100% of the issued capital of Olympian City 2 Finance Company Limited.

Calistock and Pembroke are wholly-owned subsidiaries of Kerry Properties Limited, which is a connected person of the Company by virtue of it being a substantial shareholder of certain subsidiaries of the Company. Accordingly, the above transactions (i) between Sino Hope and Calistock and (ii) between Sino Vision and Pembroke constituted connected transactions of the Company under the Listing Rules.

- (b) The Company and Sino Land announced on 18th January, 2008 that Sino Hope, CapitaLand China Holdings Pte Ltd and CRL (HK) Pte Ltd entered into agreement pursuant to which Sino Hope acquired the remaining 10% of the issued share capital of Harvest Sun held by CapitaLand China Holdings Pte Ltd (as the registered owner) and CRL (HK) Pte Ltd (as the beneficial owner) at a consideration of HK\$44,218,971 (as adjusted to HK\$44,635,642 by reference to the unaudited completion accounts, which is subject to further adjustment by reference to completion audit).

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(B) Acquisition of Interests in companies regarding Olympian City 1 and Olympian City 2 *(Continued)*

(b) (Continued)

Harvest Sun became a non-wholly owned subsidiary of the Company after completing the transactions mentioned in paragraph (a)(i) above and CapitaLand China Holdings Pte Ltd and CRL (HK) Pte Ltd, being 10% shareholders of Harvest Sun, had since then become connected persons of the Company under the Listing Rules. Accordingly, the transaction between Sino Hope, CapitaLand China Holding Pte Ltd and CRL (HK) Pte Ltd constituted connected transaction of the Company under the Listing Rules.

After completion of the transaction, Harvest Sun has become an indirect wholly-owned subsidiary of the Company. CapitaLand China Holdings Pte Ltd and CRL (HK) Pte Ltd have ceased to be connected persons of the Company upon completion of the transaction.

The Company and Sino Land have substantial experience and expertise in managing retail shopping malls and carparks. The transactions set out in paragraphs (a) and (b) above enabled the Company and Sino Land to consolidate their interest in Harvest Sun and Benefit Bright and hence their certain entitlements relating to Olympian City 1 and Olympian City 2 including properties sale and leasing proceeds subject to the development agreements entered into with Mass Transit Railway Corporation in 1995 and 1996. The directors of each of the Company and Sino Land consider that the acquisition would bring about better and more efficient management of the retained parts of Olympian City 1 and Olympian City 2.

Full details of the above connected transactions are set out in the respect announcements and available in the Company's corporate website, www.sino.com.

Details of other related party transactions are set out in Note 48 to the consolidated financial statements.

DIRECTORS' REPORT *(Continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 30th June, 2008, the interests and short positions of the substantial shareholders and other shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO were as follows:

Long Positions in Shares of the Company

Name of Substantial Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Ng Teng Fong	1,041,218,764 <i>(Notes 1 & 2)</i>	Beneficial owner of 82,440,361 shares, spouse interest in 64,481 shares and interest of controlled corporations in 958,713,922 shares	71.76%

Tamworth Investment Limited	395,203,410 <i>(Note 2)</i>	Beneficial owner	27.23%
Strathallan Investment Limited	264,833,433 <i>(Note 2)</i>	Beneficial owner	18.25%

Name of Other Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Solid Capital Holdings Limited	142,019,065 <i>(Note 3)</i>	Security interest in 141,957,347 shares and beneficial owner of 61,718 shares	9.79%
Nippomo Limited	134,652,657 <i>(Note 2)</i>	Beneficial owner	9.28%
Fanlight Investment Limited	99,363,960 <i>(Note 2)</i>	Beneficial owner	6.84%

DIRECTORS' REPORT (Continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS (Continued)

Long Positions in Shares of the Company (Continued)

Notes:

1. 958,713,922 shares were held through companies which were 100% controlled by Mr. Ng Teng Fong – 99,363,960 shares by Fanlight Investment Limited, 134,652,657 shares by Nippomo Limited, 3,159,031 shares by Orient Creation Limited, 264,833,433 shares by Strathallan Investment Limited, 395,203,410 shares by Tamworth Investment Limited and 61,501,431 shares by Transpire Investment Limited.
2. The interests of Tamworth Investment Limited, Strathallan Investment Limited, Nippomo Limited and Fanlight Investment Limited were duplicated in the interests of Mr. Ng Teng Fong.
3. 3,269 shares were held by Meadow Gate Company Limited which is 70% controlled by Solid Capital Holdings Limited.

Save as disclosed above and so far as the Directors of the Company are aware of, as at 30th June, 2008, no other person had an interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder of the Company.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$2,586,000.

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 79% of the Group's total purchases and the purchases attributable to the Group's largest supplier was approximately 32% of the Group's total purchases.

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

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

CORPORATE GOVERNANCE

The corporate governance report is set out on pages 23 to 28.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

On behalf of the Board
Robert NG Chee Siong
Chairman

Hong Kong, 17th September, 2008

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF TSIM SHA TSUI PROPERTIES LIMITED

尖沙咀置業集團有限公司

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Tsim Sha Tsui Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 129, which comprise the Group's and Company's balance sheets as at 30th June, 2008, and the Group's consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Companies Ordinance. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 141 of the Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30th June, 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17th September, 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 30th June, 2008

	NOTES	2008 HK\$	2007 HK\$
Turnover	7	6,338,666,190	7,598,901,347
Cost of sales		(1,681,793,664)	(2,416,376,139)
Direct expenses		(1,211,536,348)	(1,283,096,666)
Gross profit		3,445,336,178	3,899,428,542
Increase in fair value of investment properties		3,909,016,692	2,415,946,051
Other income		255,711,507	109,957,933
Gain arising from change in fair value of trading securities		81,349,769	425,682,837
Fair value adjustment on non-current interest-free unsecured other loans		154,336,812	187,192,646
Gain on disposal of available-for-sale investments		272,934,332	30,762,867
Administrative expenses		(690,931,446)	(529,696,219)
Finance income	9	338,609,030	398,240,433
Finance costs	10	(723,426,486)	(816,787,120)
Net finance costs		(384,817,456)	(418,546,687)
Share of results of associates	11	1,618,445,535	1,313,707,497
Gain (loss) on deemed disposal of partial interest in a listed subsidiary	21	948,542,906	(39,778,842)
Profit before taxation	12	9,609,924,829	7,394,656,625
Income tax expense	15	(1,055,246,905)	(920,159,126)
Profit for the year		8,554,677,924	6,474,497,499
Attributable to:			
Equity holders of the Company		4,678,945,536	3,357,484,479
Minority interests		3,875,732,388	3,117,013,020
		8,554,677,924	6,474,497,499
Dividends	16	574,073,268	543,829,331
Earnings per share	17		
Basic		324.91 cents	236.58 cents
Diluted		N/A	231.95 cents

BALANCE SHEETS

At 30th June, 2008

	NOTES	THE COMPANY		THE GROUP	
		2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$
Non-current assets					
Investment properties	18	–	–	32,869,587,643	23,806,439,783
Hotel property	19	–	–	940,436,535	850,461,498
Property, plant and equipment	20	129,615	196,555	89,101,477	72,502,993
Goodwill	21	–	–	759,025,809	564,207,862
Prepaid lease payments – non-current	22	–	–	461,706,289	416,779,569
Investments in subsidiaries	23	3,968,938,167	3,519,884,043	–	–
Interests in associates	24	–	–	6,400,660,327	5,632,618,467
Available-for-sale investments	26	–	–	1,803,885,954	3,598,631,340
Advances to associates	24	–	–	10,467,082,995	9,261,568,181
Advances to investee companies	28	–	–	18,030,643	12,366,708
Long-term loans receivable	29	–	–	37,219,378	75,118,429
		3,969,067,782	3,520,080,598	53,846,737,050	44,290,694,830
Current assets					
Properties under development		–	–	25,239,750,206	17,757,888,770
Stocks of unsold properties		–	–	1,228,386,946	2,075,723,803
Hotel inventories		–	–	24,501,559	22,755,854
Prepaid lease payments – current	22	–	–	5,276,645	4,709,375
Trading securities	27	1,129,700	1,217,817	2,093,103,695	1,965,000,961
Amounts due from subsidiaries	23	2,812,443,942	2,604,666,960	–	–
Amounts due from associates	24	–	–	933,660,729	894,873,993
Accounts and other receivables	30	1,550	3,883	930,463,722	4,014,455,913
Current portion of long-term loans receivable	29	–	–	3,082,818	5,722,685
Taxation recoverable		–	–	280,231,328	269,682,649
Restricted bank deposits	31	–	–	332,228,662	284,039,563
Time deposits, bank balances and cash	31	333,307	322,389	3,586,902,620	3,134,000,450
		2,813,908,499	2,606,211,049	34,657,588,930	30,428,854,016
Current liabilities					
Accounts and other payables	32	2,149,052	1,932,626	4,101,700,741	3,074,721,277
Amounts due to associates	24	–	–	1,420,298,993	761,968,910
Taxation payable		–	–	786,539,874	1,215,482,173
Current portion of long-term bank borrowings	33	–	–	424,293,045	358,987,152
Bank loans					
– secured	33	50,000,000	300,000,000	5,157,288,262	4,081,667,955
– unsecured	33	–	–	598,625,776	744,794,539
Other loans					
– secured	34	19,345,894	17,974,055	460,931,803	790,298,547
– unsecured	34	–	–	210,362,340	–
Bank overdrafts	33	–	–	965,260	22,689
Financial guarantee contracts – current		–	–	6,509,932	3,352,581
		71,494,946	319,906,681	13,167,516,026	11,031,295,823
Net current assets		2,742,413,553	2,286,304,368	21,490,072,904	19,397,558,193
Total assets less current liabilities		6,711,481,335	5,806,384,966	75,336,809,954	63,688,253,023

BALANCE SHEETS (Continued)

At 30th June, 2008

	NOTES	THE COMPANY		THE GROUP	
		2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$
Capital and reserves					
Share capital	35	290,187,562	286,315,877	290,187,562	286,315,877
Share premium and reserves	36	4,584,809,974	3,935,422,687	24,461,383,732	19,823,674,870
Equity attributable to equity holders of the Company		4,874,997,536	4,221,738,564	24,751,571,294	20,109,990,747
Minority interests		–	–	29,257,946,975	22,713,593,244
Total equity		4,874,997,536	4,221,738,564	54,009,518,269	42,823,583,991
Non-current liabilities					
Long-term bank borrowings					
– due after one year	33	–	–	12,433,957,277	12,751,539,007
Other loans – due after one year	34	–	–	3,961,571,480	3,655,140,855
Financial guarantee contracts					
– non-current		–	–	10,478,165	6,013,657
Deferred taxation	37	–	–	2,923,637,129	2,241,875,746
Advances from subsidiaries	38	1,836,483,799	1,584,646,402	–	–
Advances from associates	39	–	–	1,990,863,531	1,985,645,708
Advances from minority shareholders	40	–	–	6,784,103	224,454,059
		1,836,483,799	1,584,646,402	21,327,291,685	20,864,669,032
		6,711,481,335	5,806,384,966	75,336,809,954	63,688,253,023

The consolidated financial statements on pages 45 to 129 were approved and authorised for issue by the Board of Directors on 17th September, 2008 and are signed on its behalf by:

Robert NG Chee Siang
Chairman

Raymond TONG Kwok Tung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June, 2008

	Attributable to equity holders of the Company						Equity component of convertible bonds of a listed subsidiary HK\$ (Note ii)	Minority interests HK\$	Total HK\$	
	Share capital HK\$	Share premium HK\$	Capital redemption reserve HK\$	Investment revaluation reserve HK\$	Exchange reserve HK\$	Retained profits HK\$				Total HK\$
At 1st July, 2006	281,674,438	2,976,221,220	224,000	281,163,727	36,577,567	12,938,782,600	16,514,643,552	174,120,907	18,252,426,505	34,941,190,964
Gain on fair value changes of available-for-sale investments	-	-	-	221,246,734	-	-	221,246,734	-	145,464,192	366,710,926
Exchange differences arising on translation of foreign operations	-	-	-	-	34,220,306	-	34,220,306	-	25,563,950	59,784,256
Net income recognised directly in equity	-	-	-	221,246,734	34,220,306	-	255,467,040	-	171,028,142	426,495,182
Profit for the year	-	-	-	-	-	3,357,484,479	3,357,484,479	-	3,117,013,020	6,474,497,499
Revaluation reserves released on disposals	-	-	-	(14,610,457)	-	-	(14,610,457)	-	(13,121,580)	(27,732,037)
Total recognised income for the year	-	-	-	206,636,277	34,220,306	3,357,484,479	3,598,341,062	-	3,274,919,582	6,873,260,644
Issue of shares in lieu of cash dividends	4,641,439	-	-	-	-	-	4,641,439	-	-	4,641,439
Premium on issue of shares upon scrip dividends	-	536,254,025	-	-	-	-	536,254,025	-	-	536,254,025
Shares issue expenses	-	(60,000)	-	-	-	-	(60,000)	-	-	(60,000)
Acquisition of additional interest in a listed subsidiary	-	-	-	-	-	-	-	-	(944,290,490)	(944,290,490)
Conversion of convertible bonds of a listed subsidiary	-	-	-	-	-	-	-	(212,867,777)	2,519,793,143	2,306,925,366
Reversal of deferred taxation on conversion of convertible bonds of a listed subsidiary	-	-	-	-	-	-	-	38,746,870	-	38,746,870
Scrip dividend re-invested by minority shareholders	-	-	-	-	-	-	-	-	455,416,834	455,416,834
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(844,672,330)	(844,672,330)
Final dividend – 2006	-	-	-	-	-	(422,511,656)	(422,511,656)	-	-	(422,511,656)
Interim dividend – 2007	-	-	-	-	-	(121,317,675)	(121,317,675)	-	-	(121,317,675)
At 30th June, 2007	286,315,877	3,512,415,245	224,000	487,800,004	70,797,873	15,752,437,748	20,109,990,747	-	22,713,593,244	42,823,583,991
Loss on fair value changes of available-for-sale investments	-	-	-	(45,949,197)	-	-	(45,949,197)	-	(49,975,353)	(95,924,550)
Exchange differences arising on translation of foreign operations	-	-	-	-	212,157,277	-	212,157,277	-	204,226,633	416,383,910
Net income (expenses) recognised directly in equity	-	-	-	(45,949,197)	212,157,277	-	166,208,080	-	154,251,280	320,459,360
Profit for the year	-	-	-	-	-	4,678,945,536	4,678,945,536	-	3,875,732,388	8,554,677,924
Revaluation reserves released on disposals	-	-	-	(199,112,682)	-	-	(199,112,682)	-	(194,047,210)	(393,159,892)
Total recognised income (expenses) for the year	-	-	-	(245,061,879)	212,157,277	4,678,945,536	4,646,040,934	-	3,835,936,458	8,481,977,392
Issue of shares in lieu of cash dividends	3,871,685	-	-	-	-	-	3,871,685	-	-	3,871,685
Premium on issue of shares upon scrip dividends	-	565,801,196	-	-	-	-	565,801,196	-	-	565,801,196
Shares issue expenses	-	(60,000)	-	-	-	-	(60,000)	-	-	(60,000)
Acquisition of additional interest in a listed subsidiary	-	-	-	-	-	-	-	-	(220,825,520)	(220,825,520)
Issue of shares by a listed subsidiary	-	-	-	-	-	-	-	-	3,264,122,913	3,264,122,913
Scrip dividend re-invested by minority shareholders	-	-	-	-	-	-	-	-	631,688,850	631,688,850
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(966,568,970)	(966,568,970)
Final dividend – 2007	-	-	-	-	-	(429,473,815)	(429,473,815)	-	-	(429,473,815)
Interim dividend – 2008	-	-	-	-	-	(144,599,453)	(144,599,453)	-	-	(144,599,453)
At 30th June, 2008	290,187,562	4,078,156,441	224,000	242,738,125	282,955,150	19,857,310,016	24,751,571,294	-	29,257,946,975	54,009,518,269

Notes:

(i) At 30th June, 2008, retained profits in the sum of HK\$1,336,488,158 (2007: HK\$1,164,660,829) of certain associates attributable to the Group are distributable by way of dividend subject to the prior consent of their bankers.

(ii) The amount represents equity component of convertible bonds issued by a subsidiary of the Company during the year ended 30th June, 2005. The convertible bonds carry a right to convert into ordinary shares of the Company's listed subsidiary up to 30th October, 2009.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30th June, 2008

	2008 HK\$	2007 HK\$
OPERATING ACTIVITIES		
Profit before taxation	9,609,924,829	7,394,656,625
Adjustments for:		
Finance costs	723,426,486	816,787,120
Depreciation	34,191,107	25,873,260
Release of prepaid lease payments	4,993,010	4,602,365
Loss on disposal of property, plant and equipment	2,882,103	8,592
Cost of hotel property and investment property written off	4,783,124	–
Impairment loss in respect of trade receivables	3,811,504	2,378,367
Reversal of impairment loss in respect of trade receivables	–	(208,150)
Share of results of associates	(1,618,445,535)	(1,313,707,497)
Increase in fair value of investment properties	(3,909,016,692)	(2,415,946,051)
Finance income	(338,609,030)	(398,240,433)
Loss on disposal of investment properties	133,343	911,315
Gain arising from change in fair value of trading securities	(81,349,769)	(425,682,837)
Fair value adjustment on non-current interest-free unsecured other loans	(154,336,812)	(187,192,646)
Gain on disposal of available-for-sale investments	(272,934,332)	(30,762,867)
(Gain) loss on deemed disposal of partial interest in a listed subsidiary	(948,542,906)	39,778,842
Recognition (reversal) of impairment loss in respect of loans receivable	12,759	(436,467)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	3,060,923,189	3,512,819,538
Increase in properties under development	(7,627,369,643)	(4,930,155,279)
Decrease in stocks of unsold properties	1,562,989,611	2,694,577,808
Increase in hotel inventories	(1,745,705)	(572,621)
Increase in trading securities	(13,665,527)	(14,279,534)
Decrease in accounts and other receivables	3,145,815,439	2,215,158,468
Increase (decrease) in accounts and other payables	970,680,575	(120,741,809)
	<hr/>	<hr/>
Net cash from operations	1,097,627,939	3,356,806,571
Hong Kong Profits Tax paid	(827,800,743)	(232,154,387)
Taxation in other jurisdictions paid	(39,300,702)	(33,746,197)
	<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES	230,526,494	3,090,905,987

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 30th June, 2008

	Notes	2008 HK\$	2007 HK\$
INVESTING ACTIVITIES			
Repurchase of its own shares by a listed subsidiary		(387,498,312)	(733,975,785)
Purchase of available-for-sale investments		(43,581,364)	(37,377,112)
Advances to associates		(3,553,864,948)	(1,306,576,767)
Purchase of investment properties		(86,945,700)	(199,629,001)
Capital contribution to associates		(2,092,470)	(34,049,709)
Increase in restricted bank deposits		(48,189,099)	(24,447,422)
Additions of hotel property		(2,101,082)	–
Purchase of property, plant and equipment		(39,882,560)	(20,109,289)
Dividends received from associates		560,256,275	1,014,195,242
Decrease in long-term loans receivable		45,090,466	109,514,048
Interest received		144,313,496	158,124,690
Proceeds from disposal of available-for-sale investments		1,622,176,640	82,381,940
(Advances to) repayments from investee companies		(5,663,935)	3,875,301
Proceeds from disposal of investment properties		3,751,870	2,057,758
Proceeds from disposal of property, plant and equipment		573,662	836,908
Acquisition of additional interest in a listed subsidiary		–	(756,105,050)
Acquisition of assets and liabilities through purchase of subsidiaries	42a	(2,147,095,962)	–
Acquisition of businesses	42b	47,517,183	–
NET CASH USED IN INVESTING ACTIVITIES		(3,893,235,840)	(1,741,284,248)
FINANCING ACTIVITIES			
New bank and other loans		9,585,836,018	5,401,478,682
Proceeds from issue of new shares by a listed subsidiary		4,305,400,000	–
Shares issue expenses incurred by the Company and its listed subsidiary		(91,032,639)	(60,000)
Advance from associates		653,420,687	605,226,585
Repayments of bank and other loans		(8,976,365,497)	(5,904,569,548)
Interest paid		(896,452,524)	(884,050,542)
Repayments to minority shareholders		(217,669,956)	(20,884,868)
Dividends paid to minority shareholders, net of reinvestment		(334,880,120)	(389,255,496)
Dividends paid		(4,400,387)	(2,933,867)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		4,023,855,582	(1,195,049,054)
NET INCREASE IN CASH AND CASH EQUIVALENTS		361,146,236	154,572,685
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		3,133,977,761	2,964,843,655
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		90,813,363	14,561,421
CASH AND CASH EQUIVALENTS CARRIED FORWARD		3,585,937,360	3,133,977,761
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Time deposits, bank balances and cash		3,586,902,620	3,134,000,450
Bank overdrafts		(95,260)	(22,689)
		3,585,937,360	3,133,977,761

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30th June, 2008

1. GENERAL

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

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

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

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

In the current year, the Company and its subsidiaries (the “Group”) has applied, for the first time, a number of new standard, amendment and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning on 1st July, 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in the prior period under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective on 1st July, 2007.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 12	Service Concession Arrangements ³
HK(IFRIC)-Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ⁵

¹ Effective for annual periods beginning on or after 1st January, 2009

² Effective for annual periods beginning on or after 1st July, 2009

³ Effective for annual periods beginning on or after 1st January, 2008

⁴ Effective for annual periods beginning on or after 1st July, 2008

⁵ Effective for annual periods beginning on or after 1st October, 2008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2008

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

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The Directors of the Company anticipate that the applications of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited and by the Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group’s equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority’s share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority’s interest in the subsidiary’s equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2008

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Acquisition of additional interests in subsidiaries is recorded based on the book value of the net assets attributable to the additional interests acquired. The excess of the cost of acquisition over the carrying amounts of net assets attributable to the additional interests acquired is recognised as goodwill.

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill arising on acquisitions prior to 1st January, 2005

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2008

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

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

Goodwill arising on an acquisition of a business for which the agreement date is on or after 1st January, 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

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

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2008

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Interests in associates *(Continued)*

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

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

Goodwill arising on acquisitions prior to 1st January, 2005

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

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, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

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

Jointly controlled operations

When the Group undertakes its activities under joint venture arrangements directly, constituted as jointly controlled operations, the Group recognises in the consolidated financial statements the assets that it controls and the liabilities that it incurs; and the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operations.

Investment properties

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

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 consolidated income statement in the year in which the item is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2008

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment including building held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of 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 consolidated income statement in the year in which the item is derecognised.

Impairment losses on tangible assets

At each balance sheet date, 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 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. Impairment loss is recognised as an expense immediately.

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 as income immediately.

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.

Stocks of unsold properties

Stocks of unsold 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 unsold properties.

Hotel inventories

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2008

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when 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 capitalised.

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

Leasing

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

The Group as lessor

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

The Group as lessee

Rentals payable under operating leases are charged to profit or loss 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

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases, except for those that are classified and accounted for as investment properties under the fair value model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2008

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments

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

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount of the financial assets at initial recognition.

Income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

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

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2008

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including accounts and other receivables, advances to associates/investee companies, loans receivable, amounts due from subsidiaries/associates, time deposits, restricted bank deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. The Group designated debt securities (i.e. club debenture) as available-for-sale financial assets.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment of financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

Impairment of financial assets

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2008

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the 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.

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 losses 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 in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2008

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Convertible bonds

The convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of ordinary shares of a group entity's equity instrument is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert into equity, is included in equity as equity component of the convertible bonds.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of a group entity, will remain in convertible bonds equity reserve until the embedded option is exercised in which case the balance stated in convertible bonds equity reserve will be transferred to share premium of a group entity. Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Other financial liabilities

Other financial liabilities (including accounts and other payables, amounts due to associates, bank and other loans, bank overdrafts and advances from subsidiaries, associates and minority shareholders) are subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2008

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

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

Income from properties developed for sale is recognised on the execution of a binding sales agreement or when the relevant occupation permit is issued by the respective building authority, whichever is later. Payments received from the purchasers prior to this stage are recorded as deposits received on sales of properties and presented as current liabilities.

- (b) Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.
- (c) Building management and service fee income is recognised when the services are rendered.
- (d) Interest income from a financial asset excluding financial assets at fair value through profit or loss 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.
- (e) Dividend income from investments including financial assets at fair value through profit or loss is recognised when the shareholders' rights to receive payment have been established.
- (f) Hotel income is recognised when services are provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2008

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which 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 tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit and loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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 its 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 each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2008

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. 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 differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

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 balance sheet date, 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 as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Retirement benefits costs

Payments to the retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management makes various estimates based on past experiences, expectations of the future and other information. The key sources of estimation uncertainty that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

Estimated net realisable value on properties under development

In determining whether allowances should be made to the Group's properties under development, the Group takes into consideration the current market environment and the estimated market value (i.e. the estimated selling price less estimated costs of selling expenses) less estimated costs to completion of the properties. An allowance is made if the estimated market value is less than the carrying amount. If the actual net realisable value on properties under development is less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material provision for impairment losses may result. The carrying amount of the properties under development is HK\$25,239,750,206 (2007: HK\$17,757,888,770).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2008

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

Allowance for stocks of unsold properties

Management exercises its judgment in making allowance for stocks of unsold properties with reference to the existing market environment, the sales performance in previous years and estimated market value of the properties, i.e. the estimated selling price less estimated costs of selling expenses. A specific allowance for stocks of unsold properties is made if the estimated market value of the property is lower than its carrying amount. The specific allowance for stocks of unsold properties is made based on the estimation of net realisable value on the unsold properties. If the actual net realisable values of the stocks of unsold 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 unsold properties is HK\$1,228,386,946 (2007: HK\$2,075,723,803).

Depreciation on hotel property

In determining the estimated useful life of the hotel property, the management makes reference to the relevant term of lease of the hotel property, which is 96 years. Any changes to the estimated useful life of the hotel property may cause a material adjustment to the carrying amount and the depreciation charge within the next financial year.

At 30th June, 2008, the carrying amount of the hotel property is HK\$940,436,535, net of accumulated depreciation of HK\$78,119,291 (2007: HK\$850,461,498, net of accumulated depreciation of HK\$60,237,390). Details of the movements of the hotel property are disclosed in Note 19.

Income taxes

As detailed in Notes 15 and 24, the Inland Revenue Department (“IRD”) had initiated tax inquiries and issued notices of assessment for additional taxes against certain associates and subsidiaries of the Group in respect of the deductions on certain loan interest and related expenses.

The Directors are of the opinion, together with the advice from the Company’s tax advisors, that the outcome of these assessments cannot be presently estimated. The Directors are also of the opinion that the payment of the additional taxes is not probable or it has reasonable ground to contest the assessments issued by the IRD and therefore, no provision has been made in the consolidated financial statements.

If the objections made to the IRD were unsuccessful, there would be an increase in the Group’s ultimate tax liability arising from subsidiaries and a decrease in interests in associates in respect of the Group’s share of the ultimate tax liability.

Fair value of investment properties

Investment properties are carried in the balance sheet at 30th June, 2008 at their fair value of HK\$32,869,587,643 (2007: HK\$23,806,439,783). The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group’s investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the bank borrowings and other loan, advances from associates and minority shareholders and equity attributable to equity holders of the Company, comprising issued share capital, retained profits and other reserves as disclosed in consolidated statement of changes in equity.

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

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

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	THE COMPANY		THE GROUP	
	2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$
Financial assets				
Fair value through profit or loss trading securities	1,129,700	1,217,817	2,093,103,695	1,965,000,961
Available-for-sale investments	–	–	1,803,885,954	3,598,631,340
Loans and receivables (including cash and cash equivalents)	<u>2,812,777,249</u>	<u>2,604,989,349</u>	<u>16,246,081,273</u>	<u>17,637,348,698</u>
Financial liabilities				
Amortised cost	1,907,978,745	1,904,553,083	27,633,741,534	26,336,824,405
Financial guarantee contracts	<u>–</u>	<u>–</u>	<u>16,988,097</u>	<u>9,366,238</u>

Financial risk management objectives and policies

The Group's major financial instruments includes accounts and other receivables, advances to associates/ investee companies, loans receivable, trading securities, available-for-sale investments, amounts due from/to associates, restricted bank deposits, time deposits, bank balances and cash, accounts and other payables, financial guarantee contracts, bank borrowings and loans, advances from associates and minority shareholders.

The Company's major financial instruments includes accounts and other receivables, trading securities, amounts due from/advances from subsidiaries, accounts and other payables, time deposits, bank balances and cash, bank borrowings and loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

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

Market risk

The Group's activities expose 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 risk. Details of each type of market risks are described as follows:

Currency risk

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

The Company's transactions and balances are primarily denominated in Hong Kong dollars ("HKD"), the functional currency of the Company, as such, the Company has no significant exposures to currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective balance sheet dates are as follow:

	THE GROUP	
	2008 HK\$	2007 HK\$
Assets		
Renminbi ("RMB")	1,322,915,752	793,764,058
United States Dollars ("USD")	<u>826,468</u>	<u>152,760,929</u>
Liabilities		
RMB	1,208,498,527	638,753,887
USD	<u>234,502,045</u>	<u>237,127,308</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency sensitivity analysis

The Group's foreign currency risk is mainly concentrated on the fluctuation of the RMB against HKD, functional currency of the relevant group entities. The exposure of USD against HKD is considered insignificant as HKD is pegged to USD, therefore is excluded from the sensitivity analysis below.

The sensitivity analysis below has been determined based on the exposure to 5% increase and decrease in RMB against HKD. 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 outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number indicates an increase in profit for the year where RMB strengthens against HKD. For a weakening of RMB against HKD, there would be an equal and opposite impact on the profit and the balances below would be negative.

	THE GROUP	
	2008 HK\$	2007 HK\$
RMB	<u>5,720,861</u>	<u>7,750,509</u>

Certain available-for-sale investments and trading securities are denominated in foreign currency of the group entities. For available-for-sale investments, an increase/decrease in 5% of Singaporean dollar against the functional currency of the relevant group entities would result in an increase/decrease of HK\$14,456,112 (2007: HK\$16,400,215) in the Group's investment revaluation reserve. For trading securities, an increase/decrease in 5% of HKD against the functional currency of the relevant group entities would result in an increase/decrease of HK\$10,455,483 (2007: HK\$9,719,407) in the Group's profit for the year. The Company's trading securities are not exposed to foreign currency risk.

Interest rate risk

Loans, bank balances and bank borrowings at floating rates expose the Group and the Company to cash flow interest rate risk. Payables at fixed rates expose the Group to fair value interest rate risk (Note 32). 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 arises.

The Group's and the Company's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR or SIBOR arising from the bank borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the floating rate loans receivables and bank borrowings. The analysis is prepared assuming that the change in interest rate had occurred at respective balance sheet date and had been applied to the exposure to interest rate risk for these financial assets and 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 next balance sheet date.

At the respective balance sheet dates, if interest rates had increased/decreased by 50 basis points and all other variables were held constant, the Group's profit for the year would have decreased/increased by approximately HK\$89,148,069 (2007: HK\$91,087,751).

Other price risk

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

The Directors consider that the Company's price risk is minimal.

Other price risk sensitivity analysis

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

Available-for-sale investments

	THE GROUP	
	2008 HK\$	2007 HK\$
Increase (decrease) in investment revaluation reserve		
– as a result of increase in equity price	90,194,298	179,931,567
– as a result of decrease in equity price	(90,194,298)	(179,931,567)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk sensitivity analysis (Continued)

Trading securities

	THE GROUP	
	2008 HK\$	2007 HK\$
Increase (decrease) in profit for the year		
– as a result of increase in equity price	87,057,337	80,950,538
– as a result of decrease in equity price	<u>(87,057,337)</u>	<u>(80,950,538)</u>

Credit risk

At each balance sheet date, the Group's and the Company's maximum exposure to credit risk in the event of the counterparties failure to discharge their obligations are in relation to each class of recognised financial assets as stated in the balance sheets and the amount of contingent liabilities as disclosed in Note 45. In order to minimize the credit risk of trade receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Also, the Group is subject to concentration of credit risks as over 92% (2007: 71%) of the Group's receivables are receivables from a number of associates/investee companies. The Company is also subject to concentration of credit risk for the receivables from a number of subsidiaries. In order to minimise the credit risk and the concentration of credit risk, the Group and the Company reviews the recoverable amount of each individual receivable regularly to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the Directors consider that the Group's and the Company credit risk is significantly reduced.

With respect to credit risk arising from advances to associates/investee companies and amounts due from associates/subsidiaries, the Group's and the Company's exposure to credit risk arising from default of the counterparty is limited as the counterparty has good history of repayment and the Group and the Company do not expect to incur a significant loss for uncollected advances to associates/investee companies and amounts due from associates/subsidiaries.

The credit risk on liquid fund is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on advances to associates/investee companies and amounts due from associates companies, the Group does not have any other significant concentration of credit risk. Trade receivables and loans receivable consist of a large number of customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Company and Group monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Company's and Group's operation 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 Company's and Group's contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company and Group can be required to pay. The table includes both interest and principal cash flows.

THE COMPANY

	Weighted average 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\$
2008									
Accounts and other payables	N/A	2,146,456	-	2,596	-	-	-	2,149,052	2,149,052
Other loans									
- variables	7.00	19,345,894	-	-	-	-	-	19,345,894	19,345,894
Bank borrowing									
- variables	2.40	100,387	50,100,387	-	-	-	-	50,200,774	50,000,000
Advances from subsidiaries	3.09	-	-	-	1,893,285,680	-	-	1,893,285,680	1,836,483,799
		<u>21,592,737</u>	<u>50,100,387</u>	<u>2,596</u>	<u>1,893,285,680</u>	<u>-</u>	<u>-</u>	<u>1,964,981,400</u>	<u>1,907,978,745</u>
2007									
Accounts and other payables	N/A	1,932,626	-	-	-	-	-	1,932,626	1,932,626
Other loans									
- variables	8.20	17,974,055	-	-	-	-	-	17,974,055	17,974,055
Bank borrowing									
- variables	5.16	1,290,774	300,207,440	-	-	-	-	301,498,214	300,000,000
Advances from subsidiaries	4.95	-	-	-	1,663,123,790	-	-	1,663,123,790	1,584,646,402
		<u>21,197,455</u>	<u>300,207,440</u>	<u>-</u>	<u>1,663,123,790</u>	<u>-</u>	<u>-</u>	<u>1,984,528,685</u>	<u>1,904,553,083</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

THE GROUP

	Weighted average 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\$
2008									
Account and other payable									
– non-interest bearing	N/A	304,098,397	48,710,794	588,398,786	–	–	–	941,207,977	941,207,977
– fixed rate	7.25	1,119,383	309,661	26,865,780	–	–	–	28,294,824	26,591,687
Other liabilities									
– non-interest bearing	N/A	1,420,298,993	–	–	1,567,499,380	–	–	2,987,798,373	2,930,644,483
– fixed rate	3.78	1,072,852	2,145,705	9,655,672	240,958,512	263,553,898	–	517,386,639	484,274,698
– fixed rate	0.50	1,261	2,522	11,349	3,027,446	–	–	3,042,578	3,027,446
Borrowings									
– variables	2.12	1,014,261,027	1,582,728,808	4,476,390,752	6,864,960,494	6,466,117,032	–	20,404,458,113	19,488,406,173
– non-interest bearing	N/A	210,362,340	–	–	3,703,563,542	–	–	3,913,925,882	3,759,589,070
		<u>2,951,214,253</u>	<u>1,633,897,490</u>	<u>5,101,322,339</u>	<u>12,380,009,374</u>	<u>6,729,670,930</u>	<u>–</u>	<u>28,796,114,386</u>	<u>27,633,741,534</u>
2007									
Account and other payable									
– non-interest bearing	N/A	389,709,185	49,900,409	518,430,068	–	–	–	958,039,662	958,039,662
– fixed rate	9.75	197,156	394,311	25,842,568	–	–	–	26,434,035	24,265,322
Other liabilities									
– non-interest bearing	N/A	123,215,023	–	–	1,571,269,008	–	–	1,694,484,031	1,627,202,922
– fixed rate	4.47	1,851,755	3,703,510	655,419,680	269,310,771	271,012,940	–	1,201,298,656	1,132,020,932
– fixed rate	0.50	88,685	177,370	798,165	212,844,823	–	–	213,909,043	212,844,823
Borrowings									
– variables	4.07	1,051,233,248	504,047,250	5,200,875,416	3,139,100,906	10,850,135,223	–	20,745,392,043	18,957,529,889
– non-interest bearing	N/A	–	–	–	3,612,113,501	–	–	3,612,113,501	3,424,920,855
		<u>1,566,295,052</u>	<u>558,222,850</u>	<u>6,401,365,897</u>	<u>8,804,639,009</u>	<u>11,121,148,163</u>	<u>–</u>	<u>28,451,670,971</u>	<u>26,336,824,405</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

6. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

At 30th June, 2008 and 2007, it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the carrying amount of financial guarantee contracts of HK\$16,988,097 (2007: HK\$9,366,238) has not been presented above.

Fair value of financial instruments

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

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices.
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices and rates from observable current market transactions as input.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. TURNOVER

	2008 HK\$	2007 HK\$
Sales of properties held for sale	3,625,415,758	5,362,349,842
Gross rental income from properties	1,473,843,912	1,180,221,157
Building management and service fee income	575,953,559	530,707,294
Hotel operations	487,126,108	395,680,760
Interest income from loans receivable	8,261,301	14,960,061
Dividend income		
listed investments	140,504,735	98,850,734
unlisted investments	19,197,004	13,236,000
Others	8,363,813	2,895,499
	6,338,666,190	7,598,901,347

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into five operating divisions – property, investments in securities, financing, hotel and building management and services. These operating divisions are the basis on which the Group reports its primary segment information as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30th June, 2008

	Property HK\$	Investments in securities HK\$	Financing HK\$	Hotel HK\$	Property management and services HK\$	Elimination HK\$	Consolidated HK\$
TURNOVER							
Property rental	1,473,843,912	-	-	-	-	-	1,473,843,912
Property sales	3,629,280,758	-	-	-	-	-	3,629,280,758
Hotel operations	-	-	-	487,126,108	-	-	487,126,108
Management services	78,240,079	-	-	-	497,713,480	-	575,953,559
Dividend income from equity investments	-	164,200,552	-	-	-	-	164,200,552
Financing	-	-	8,261,301	-	-	-	8,261,301
	<u>5,181,364,749</u>	<u>164,200,552</u>	<u>8,261,301</u>	<u>487,126,108</u>	<u>497,713,480</u>	-	<u>6,338,666,190</u>
Inter-segment sales*	-	-	-	-	25,528,645	(25,528,645)	-
Segment revenue	5,181,364,749	164,200,552	8,261,301	487,126,108	523,242,125	(25,528,645)	6,338,666,190
Other income	40,283,835	4,593,784	2,703,286	2,659,997	27,988,828	-	78,229,730
	<u>5,221,648,584</u>	<u>168,794,336</u>	<u>10,964,587</u>	<u>489,786,105</u>	<u>551,230,953</u>	<u>(25,528,645)</u>	<u>6,416,895,920</u>
SEGMENT RESULT	<u>6,808,108,970</u>	<u>521,354,449</u>	<u>10,964,587</u>	<u>155,749,641</u>	<u>86,676,205</u>	-	<u>7,582,853,852</u>
Fair value adjustment on non-current interest-free unsecured other loans							154,336,812
Unallocated other income							177,481,777
Unallocated corporate expenses							(486,918,597)
Net finance costs							(384,817,456)
Share of results of associates	1,552,101,036	(4,819)	310,542	66,254,743	(215,967)	-	1,618,445,535
Gain on deemed disposal of partial interest in a listed subsidiary							948,542,906
Profit before taxation							9,609,924,829
Income tax expense							(1,055,246,905)
Profit for the year							<u>8,554,677,924</u>

* Inter-segment sales were charged at cost plus margin basis as agreed between both parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

CONSOLIDATED BALANCE SHEET

At 30th June, 2008

	Property HK\$	Investments in securities HK\$	Financing HK\$	Hotel HK\$	Property management and services HK\$	Consolidated HK\$
ASSETS						
Segment assets						
Goodwill	698,084,254	–	2,582,364	44,681,710	13,677,481	759,025,809
Other segment assets	59,184,706,246	4,018,732,758	134,849,209	2,200,248,680	205,996,617	65,744,533,510
	<u>59,882,790,500</u>	<u>4,018,732,758</u>	<u>137,431,573</u>	<u>2,244,930,390</u>	<u>219,674,098</u>	<u>66,503,559,319</u>
Interests in associates	5,620,136,046	85,446,685	(743,763)	752,701,894	(56,880,535)	6,400,660,327
Advances to associates	8,280,343,295	1,350,392,340	–	–	836,347,360	10,467,082,995
Amounts due from associates	856,481,074	8,237,396	4,915,187	–	64,027,072	933,660,729
Unallocated corporate assets						<u>4,199,362,610</u>
Consolidated total assets						<u>88,504,325,980</u>
LIABILITIES						
Segment liabilities	3,747,610,565	61,482,676	46,678,803	120,906,635	148,794,262	4,125,472,941
Amounts due to associates	1,408,777,360	777,242	–	–	10,744,391	1,420,298,993
Advances from associates	1,735,017,001	–	–	255,846,530	–	1,990,863,531
Borrowings						23,247,995,243
Unallocated corporate liabilities						<u>3,710,177,003</u>
Consolidated total liabilities						<u>34,494,807,711</u>

OTHER INFORMATION

For the year ended 30th June, 2008

	Property HK\$	Investments in securities HK\$	Financing HK\$	Hotel HK\$	Property management and services HK\$	Consolidated HK\$
Release of prepaid lease payments	–	–	–	4,993,010	–	4,993,010
Capital additions						
– Property, plant and equipment	10,256,635	–	–	17,434,375	12,198,609	39,889,619
– Investment properties	4,965,784,729	–	–	12,004,472	–	4,977,789,201
– Hotel property	–	–	–	2,101,082	–	2,101,082
Depreciation	2,528,188	234,622	–	21,890,203	9,538,094	34,191,107
Cost of hotel property and investment property written off	1,052,286	–	–	3,730,838	–	4,783,124
Fair value gains						
– Investment properties	3,909,016,692	–	–	–	–	3,909,016,692
– Trading securities	–	81,349,769	–	–	–	81,349,769
Gain on disposal of available-for-sale investments	–	272,934,332	–	–	–	<u>272,934,332</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

CONSOLIDATED INCOME STATEMENT

For the year ended 30th June, 2007

	Property HK\$	Investments in securities HK\$	Financing HK\$	Hotel HK\$	Property management and services HK\$	Elimination HK\$	Consolidated HK\$
TURNOVER							
Property rental	1,180,221,157	-	-	-	-	-	1,180,221,157
Property sales	5,365,219,842	-	-	-	-	-	5,365,219,842
Hotel operations	-	-	-	395,680,760	-	-	395,680,760
Management services	69,847,814	-	-	-	460,859,480	-	530,707,294
Dividend income from equity investments	-	112,112,233	-	-	-	-	112,112,233
Financing	-	-	14,960,061	-	-	-	14,960,061
	<u>6,615,288,813</u>	<u>112,112,233</u>	<u>14,960,061</u>	<u>395,680,760</u>	<u>460,859,480</u>	<u>-</u>	<u>7,598,901,347</u>
Inter-segment sales*	-	-	-	-	24,041,658	(24,041,658)	-
Segment revenue	6,615,288,813	112,112,233	14,960,061	395,680,760	484,901,138	(24,041,658)	7,598,901,347
Other income	54,841,223	19,233,739	394,224	666,382	34,822,365	-	109,957,933
	<u>6,670,130,036</u>	<u>131,345,972</u>	<u>15,354,285</u>	<u>396,347,142</u>	<u>519,723,503</u>	<u>(24,041,658)</u>	<u>7,708,859,280</u>
SEGMENT RESULT	<u>5,893,588,342</u>	<u>587,757,308</u>	<u>15,354,285</u>	<u>128,205,764</u>	<u>89,195,325</u>	<u>-</u>	<u>6,714,101,024</u>
Fair value adjustment on non-current interest-free unsecured other loans							187,192,646
Unallocated corporate expenses							(362,019,013)
Net finance costs							(418,546,687)
Share of results of associates	1,269,443,596	2,222,778	383,812	32,422,216	9,235,095	-	1,313,707,497
Loss on deemed disposal of partial interest in a listed subsidiary							(39,778,842)
Profit before taxation							7,394,656,625
Income tax expense							(920,159,126)
Profit for the year							<u>6,474,497,499</u>

* Inter-segment sales were charged at cost plus margin basis as agreed between both parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

CONSOLIDATED BALANCE SHEET

At 30th June, 2007

	Property HK\$	Investments in securities HK\$	Financing HK\$	Hotel HK\$	Property management and services HK\$	Consolidated HK\$
ASSETS						
Segment assets						
Goodwill	522,196,167	–	1,881,565	29,528,087	10,602,043	564,207,862
Other segment assets	45,779,622,561	5,674,489,192	200,946,005	2,702,235,703	321,264,220	54,678,557,681
	46,301,818,728	5,674,489,192	202,827,570	2,731,763,790	331,866,263	55,242,765,543
Interests in associates	4,900,592,528	34,340,221	(2,837,816)	686,447,151	14,076,383	5,632,618,467
Advances to associates	8,446,179,288	–	–	–	815,388,893	9,261,568,181
Amounts due from associates	801,538,227	9,537,857	17,822,709	–	65,975,200	894,873,993
Unallocated corporate assets						3,687,722,662
Consolidated total assets						<u>74,719,548,846</u>
LIABILITIES						
Segment liabilities	3,043,619,737	52,141,750	43,927,868	61,464,381	107,387,838	3,308,541,574
Amounts due to associates	750,247,748	580,238	–	–	11,140,924	761,968,910
Advances from associates	1,739,521,212	–	–	246,124,496	–	1,985,645,708
Borrowings						22,382,450,744
Unallocated corporate liabilities						3,457,357,919
Consolidated total liabilities						<u>31,895,964,855</u>

OTHER INFORMATION

For the year ended 30th June, 2007

	Property HK\$	Investments in securities HK\$	Financing HK\$	Hotel HK\$	Property management and services HK\$	Consolidated HK\$
Release of prepaid lease payments	–	–	–	4,602,365	–	4,602,365
Capital additions						
– Property, plant and equipment	2,367,176	1,995	–	7,621,070	10,119,048	20,109,289
– Investment properties	199,629,001	–	–	–	–	199,629,001
Depreciation	861,687	166,596	–	16,739,994	8,104,983	25,873,260
Cost of investment property written off	4,405,505	–	–	–	–	4,405,505
Fair value gains						
– Investment properties	2,415,946,051	–	–	–	–	2,415,946,051
– Trading securities	–	425,682,837	–	–	–	425,682,837
Gain on disposal of available-for-sales investments	–	30,762,867	–	–	–	30,762,867

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Geographical segments

Most of the activities of the Group are based in Hong Kong and more than 90% of the Group's turnover, profit before taxation, assets and liabilities are derived from activities in Hong Kong.

9. FINANCE INCOME

	2008 HK\$	2007 HK\$
Interest income on:		
advances to associates	42,333,425	61,786,703
advances to investee companies	916,221	979,864
bank deposits	101,063,850	95,358,123
Imputed interest income on non-current interest-free		
advances to associates	189,303,393	237,078,415
Financial guarantee income	4,992,141	3,037,328
	338,609,030	398,240,433

10. FINANCE COSTS

	2008 HK\$	2007 HK\$
Interest and other finance costs on:		
bank loans and overdrafts wholly repayable within five years	680,342,735	879,282,984
other loans wholly repayable within five years	63,269,364	75,486,735
Effective interest expense on convertible bonds	–	21,974,323
Imputed interest expense on non-current interest-free		
advances from associates	67,281,109	60,900,450
Imputed interest expense on non-current interest-free		
unsecured other loans	187,192,646	179,000,362
	998,085,854	1,216,644,854
Less: Amounts capitalised to properties under development	(274,659,368)	(399,857,734)
	723,426,486	816,787,120

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

11. SHARE OF RESULTS OF ASSOCIATES

	2008 HK\$	2007 HK\$
Share of results of associates comprises:		
Share of profits of associates	1,987,624,517	1,567,114,903
Share of taxation of associates	<u>(369,178,982)</u>	<u>(253,407,406)</u>
	<u>1,618,445,535</u>	<u>1,313,707,497</u>
<p>Share of profits of associates included the Group's share of the increase in fair value of investment properties of the associates of HK\$1,141,843,694 (2007: HK\$524,097,086) recognised in the income statements of the associates.</p>		

12. PROFIT BEFORE TAXATION

	2008 HK\$	2007 HK\$
(a) Profit before taxation has been arrived at after charging (crediting):		
Staff costs including Directors' remuneration:		
Salaries and other benefits	791,057,529	703,905,993
Retirement benefit scheme contributions	<u>29,394,951</u>	<u>26,112,985</u>
Total staff costs	<u>820,452,480</u>	<u>730,018,978</u>
Release of prepaid lease payments (included in administrative expenses)	4,993,010	4,602,365
Auditors' remuneration		
– audit services	4,352,146	3,589,032
– non audit services	914,500	905,000
Cost of hotel inventories sold	50,235,740	39,978,381
Cost of properties sold	1,676,327,042	2,413,394,542
Depreciation	34,191,107	25,873,260
Loss on disposal of property, plant and equipment	2,882,103	8,592
Impairment losses recognised on receivables	3,811,504	2,378,367
Loss on disposal of investment properties	133,343	911,315
Cost of hotel property and investment property written off	4,783,124	–
Reversal of impairment losses recognised on receivables	–	(208,150)
Net exchange gain	(20,971,780)	(23,723,574)
Interest on deposit paid (Note b)	<u>(177,481,777)</u>	<u>–</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

12. PROFIT BEFORE TAXATION (Continued)

- (b) In relation to the legal proceedings between Sino Land Company Limited (“Sino Land”) and its wholly-owned subsidiary, Mariner International Hotels Limited (collectively referred to as “Mariner”) and Hang Lung Group Limited and its subsidiary, Atlas Limited (collectively referred to as “Hang Lung”) to acquire a company which owned a property in Yau Kom Tau, Tsuen Wan, New Territories, which was to be developed into a hotel, the Court of Final Appeal on 5th February, 2007 handed down a judgment to allow the appeal by Mariner against Hang Lung so as to: (i) set aside the judgments of the High Court and the Court of Appeal; (ii) declare that Hang Lung repudiated the agreement; (iii) order repayment by Hang Lung to Mariner of its deposit with interest to be assessed by the High Court if not agreed; (iv) award Mariner damages to be assessed by the High Court; and (v) direct that costs in the proceedings (at all levels) to be dealt with on written submissions by the parties.

On 6th February, 2007, Hang Lung repaid the deposit sum of HK\$321,000,000 to Mariner. On 15th January, 2008, the High Court handed down a decision on the interest rate to be used to calculate the interest cost in relation to the deposit paid by Mariner. On 16th January, 2008, following the decision of the High Court, Hang Lung paid a sum of HK\$177,481,777 representing the interest cost to Mariner leaving the damages and costs to be agreed or decided by the courts. The sum received was included in other income. Actions against Hang Lung for damages and costs are in progress.

13. DIRECTORS’ EMOLUMENTS

The emoluments paid or payable to each of the seven (2007: seven) directors was as follows:

2008

	Mr. Robert Ng Chee Siong HK\$	Mr. Raymond Tong Kwok Tung HK\$	Mr. Daryl Ng Win Kong HK\$	The Honourable Ronald Joseph Arculli HK\$ (Note ii)	Dr. Allan Zeman HK\$	Mr. Adrian David Li Man-kiu HK\$	Mr. Steven Ong Kay Eng HK\$	Total HK\$
Fees	70,000	60,000	60,000	120,000	380,000	380,000	180,000	1,250,000
Other emoluments								
Salaries and other benefits	1,226,760	4,052,250	742,288	-	-	-	-	6,021,298
Retirement benefits scheme contributions	12,000	12,000	12,000	-	-	-	-	36,000
Discretionary bonus (Note i)	-	663,760	131,930	-	-	-	-	795,690
Total emoluments	<u>1,308,760</u>	<u>4,788,010</u>	<u>946,218</u>	<u>120,000</u>	<u>380,000</u>	<u>380,000</u>	<u>180,000</u>	<u>8,102,988</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

13. DIRECTORS' EMOLUMENTS (Continued)

2007	Mr. Robert Ng Chee Siong HK\$	Mr. Raymond Tong Kwok Tung HK\$	Mr. Daryl Ng Win Kong HK\$	The Honourable Ronald Joseph Arculli HK\$ (Note ii)	Dr. Allan Zeman HK\$	Mr. Adrian David Li Man-kiu HK\$	Mr. Steven Ong Kay Eng HK\$	Total HK\$
Fees	70,000	60,000	60,000	120,000	380,000	380,000	180,000	1,250,000
Other emoluments								
Salaries and other benefits	1,226,760	3,915,210	708,469	-	-	-	-	5,850,439
Retirement benefits scheme contributions	12,000	12,000	12,000	-	-	-	-	36,000
Discretionary bonus (Note i)	-	3,630,983	-	-	-	-	-	3,630,983
Total emoluments	1,308,760	7,618,193	780,469	120,000	380,000	380,000	180,000	10,767,422

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

Note ii: A consultancy fee of HK\$2,083,330 (2007: HK\$2,083,330), including HK\$1,666,664 (2007: HK\$1,666,664) paid directly by Sino Land, was paid to Ronald Arculli and Associates, of which The Honourable Ronald Joseph Arculli GBS, CVO, OBE, JP is the sole proprietor.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2007: one) is an Executive Director of the Company whose emoluments are included in Note 13 above. The emoluments of the remaining four (2007: four) individuals disclosed pursuant to the Listing Rules are as follows:

	2008 HK\$	2007 HK\$
Salaries and other emoluments (including basic salaries, housing allowances, other allowances and benefits in kind)	17,137,265	16,331,376
Retirement benefits scheme contributions	108,000	72,000
Discretionary bonus	5,611,327	12,826,323
	22,856,592	29,229,699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

14. EMPLOYEES' EMOLUMENTS (Continued)

The emoluments were within the following bands:

HK\$	Number of individuals	
	2008	2007
3,000,001 – 3,500,000	–	2
3,500,001 – 4,000,000	1	–
4,000,001 – 4,500,000	1	–
6,000,001 – 6,500,000	1	–
6,500,001 – 7,000,000	–	1
8,500,001 – 9,000,000	1	–
16,000,001 – 16,500,000	–	1

For the years ended 30th June, 2008 and 2007, no emoluments were paid by the Group to these five highest paid individuals, including Directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no Director waived any emoluments.

15. INCOME TAX EXPENSE

	2008 HK\$	2007 HK\$
The charge comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax		
Provision for the year calculated at 16.5% (2007: 17.5%)	388,063,244	473,344,461
Prior year tax reduction	(1,213,086)	–
Overprovision in previous years	(1,262,275)	(292,436)
	385,587,883	473,052,025
Taxation in other jurisdictions		
Provision for the year	39,043,617	42,241,048
Underprovision in previous years	2,945,544	12,671,900
	427,577,044	527,964,973
Deferred taxation (Note 37)		
Current year	752,147,257	392,194,153
Attributable to change in tax rate	(124,477,396)	–
	627,669,861	392,194,153
	1,055,246,905	920,159,126

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

15. INCOME TAX EXPENSE (Continued)

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profits tax rate by 1% to 16.5% effective from the year of assessment 2008/09. Accordingly, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year. The effect of decrease in profit tax rate has been reflected in measuring the current and deferred tax for the year ended 30th June, 2008.

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

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

	2008 HK\$	2007 HK\$
Profit before taxation	<u>9,609,924,829</u>	<u>7,394,656,625</u>
Tax at Hong Kong Profits Tax rate of 16.5% (2007: 17.5%)	1,585,637,596	1,294,064,909
Tax effect of share of results of associates	(267,043,514)	(229,898,812)
Tax effect of expenses not deductible for tax purpose	93,760,545	89,003,899
Tax effect of income not taxable for tax purpose	(233,307,777)	(169,211,489)
Underprovision in previous years	1,683,269	12,379,464
Tax effect of tax losses not recognised	21,175,005	62,623,224
Tax effect of deferred tax assets not recognised	80,022,402	58,828,627
Utilisation of tax losses previously not recognised	(59,970,687)	(91,813,798)
Utilisation of deferred tax assets previously not recognised	(56,001,999)	(108,528,020)
Decrease in opening deferred tax liability resulting from a decrease in Hong Kong Profits Tax rate	(124,477,396)	–
Effect of tax deduction	(1,213,086)	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	14,982,547	2,711,122
Tax charge for the year	<u>1,055,246,905</u>	<u>920,159,126</u>

Details of deferred taxation are set out in Note 37.

The IRD initiated tax inquiries for the years of assessment 1995/96 to 2001/02 on Sing-Ho Finance Company Limited (“Sing-Ho Finance”), a wholly-owned subsidiary of Sino Land. Notices of assessment for additional tax in an aggregate sum of approximately HK\$447,572,000 were issued to Sing-Ho Finance for the years under review and objections were properly lodged with the IRD by Sing-Ho Finance. The IRD agreed to hold over the tax claim subject to the purchase of tax reserve certificates (the “TRC”) of approximately HK\$109,940,000 for those years of assessments. These TRC have been purchased by the Group. After considering the advice from the tax advisors, and in the opinion of the Directors of the Company, the ultimate outcome of these tax inquiries cannot presently be determined. The Directors are also of the opinion that the payment of the additional taxes is not probable and therefore, no provision for any liabilities from the assessment that may result has been made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

15. INCOME TAX EXPENSE (Continued)

The IRD also initiated a tax inquiry for the years of assessment 1998/99 to 2001/02 on City Empire Limited ("City Empire"), another wholly-owned subsidiary of Sino Land. Notices of assessment for additional tax of approximately HK\$263,438,000 were issued to City Empire for the years under review and objections were properly lodged with the IRD by City Empire. The IRD agreed to hold over the tax claim subject to the purchase of TRC of approximately HK\$131,719,000 for those years of assessments. These TRC have been purchased by the Group. After considering the advice from the tax advisors, the Directors believe that City Empire has reasonable ground to contest the assessments issued by the IRD. No provision for the assessments has been made.

16. DIVIDENDS

	2008 HK\$	2007 HK\$
Dividends recognised as distribution during the year:		
Final dividend for the year ended 30th June, 2007: HK30 cents (2007: HK30 cents for the year ended 30th June 2006) per share	429,473,815	422,511,656
Interim dividend for the year ended 30th June, 2008: HK10 cents (2007: HK8.5 cents for the year ended 30th June 2007) per share	144,599,453	121,317,675
	<u>574,073,268</u>	<u>543,829,331</u>

During the year, scrip dividends were offered in respect of the 2007 final and 2008 interim dividends. These scrip alternatives were accepted by the majority of shareholders, as follows:

	2008 Interim Dividend HK\$	2007 Final Dividend HK\$
Dividends:		
Cash	750,037	3,650,350
Scrip alternatives	143,849,416	425,823,465
	<u>144,599,453</u>	<u>429,473,815</u>

A final dividend of HK30 cents per share for the year ended 30th June, 2008 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming Annual General Meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

17. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2008 HK\$	2007 <i>HK\$</i>
Earnings for the purpose of basic earnings per share	<u>4,678,945,536</u>	3,357,484,479
Adjustment to the share of results of the listed subsidiary, based on dilution of its earnings per share		<u>(65,784,855)</u>
Earnings for the purpose of diluted earnings per share		<u>3,291,699,624</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,440,077,799</u>	<u>1,419,153,538</u>

No diluted earnings per share has been presented for the year ended 30th June, 2008 as there is no dilution of the listed subsidiary's earnings per share during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

18. INVESTMENT PROPERTIES

THE GROUP					
	Investment properties in Hong Kong held under long leases HK\$	Investment properties in Hong Kong held under medium- term leases HK\$	Properties under redevelopment in Hong Kong HK\$	Investment property in Singapore held under a long lease HK\$	Total HK\$
FAIR VALUE					
At 1st July, 2006	1,430,000,000	18,860,252,526	–	373,587,750	20,663,840,276
Exchange realignment	–	–	–	18,293,230	18,293,230
Additions	138,132,590	61,048,579	447,832	–	199,629,001
Transfer from properties under development upon completion	516,105,803	–	–	–	516,105,803
Reclassification	(195,000,000)	–	195,000,000	–	–
Disposals	–	(2,969,073)	–	–	(2,969,073)
Write off	–	–	–	(4,405,505)	(4,405,505)
Increase in fair value	182,567,410	2,190,021,948	21,552,168	21,804,525	2,415,946,051
At 30th June, 2007	2,071,805,803	21,108,353,980	217,000,000	409,280,000	23,806,439,783
Exchange realignment	–	–	–	60,671,600	60,671,600
Arising on acquisition of subsidiaries (Note 42a)	–	4,890,843,501	–	–	4,890,843,501
Additions	13,464,098	59,469,222	2,007,908	12,004,472	86,945,700
Transfer from properties under development upon completion	–	120,607,866	–	–	120,607,866
Disposals	–	(3,885,213)	–	–	(3,885,213)
Write off	–	–	–	(1,052,286)	(1,052,286)
Increase in fair value	450,722,491	3,226,068,145	30,992,092	201,233,964	3,909,016,692
At 30th June, 2008	2,535,992,392	29,401,457,501	250,000,000	682,137,750	32,869,587,643

The fair values of the Group's investment properties at 30th June, 2008 and 2007 have been arrived at on the basis of valuations carried out as at that date by Knight Frank Petty Ltd., a firm of independent qualified professional property valuers not connected with the Group. The valuations were arrived at by reference to market evidence of recent transaction prices for similar properties and/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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

19. HOTEL PROPERTY

THE GROUP	Hotel property in Singapore held under a long lease HK\$
COST	
At 1st July, 2006	869,308,457
Exchange realignment	41,390,431
	<hr/>
At 30th June, 2007	910,698,888
Exchange realignment	109,486,694
Additions	2,101,082
Written off	(3,730,838)
	<hr/>
At 30th June, 2008	1,018,555,826
	<hr/>
DEPRECIATION	
At 1st July, 2006	48,447,227
Exchange realignment	2,522,031
Provided for the year	9,268,132
	<hr/>
At 30th June, 2007	60,237,390
Exchange realignment	7,827,097
Provided for the year	10,054,804
	<hr/>
At 30th June, 2008	78,119,291
	<hr/>
CARRYING AMOUNTS	
At 30th June, 2008	940,436,535
	<hr/>
At 30th June, 2007	850,461,498
	<hr/>
The hotel property is depreciated on a straight-line basis over the relevant terms of the lease of 96 years.	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

20. PROPERTY, PLANT AND EQUIPMENT

THE COMPANY	
	Motor vehicles <i>HK\$</i>
COST	
At 1st July, 2006	1,343,194
Disposals	(939,494)
	<hr/>
At 30th June, 2007 and 2008	403,700
	<hr/>
DEPRECIATION	
At 1st July, 2006	773,775
Provided for the year	110,643
Eliminated on disposals	(677,273)
	<hr/>
At 30th June, 2007	207,145
Provided for the year	66,940
	<hr/>
At 30th June, 2008	274,085
	<hr/>
CARRYING AMOUNTS	
At 30th June, 2008	129,615
	<hr/>
At 30th June, 2007	196,555
	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

20. PROPERTY, PLANT AND EQUIPMENT (Continued)

THE GROUP						
	Computer system HK\$	Furniture, fixtures and equipment HK\$	Leasehold improvements HK\$	Motor vehicles HK\$	Plant and machinery HK\$	Total HK\$
COST						
At 1st July, 2006	41,381,021	92,093,021	28,053,010	15,407,591	8,563,086	185,497,729
Exchange realignment	477,745	3,671,938	–	139,045	13,342	4,302,070
Additions	6,130,555	9,852,127	932,648	1,887,839	1,306,120	20,109,289
Disposals	(662,081)	(1,136,462)	–	(2,498,937)	(444,865)	(4,742,345)
At 30th June, 2007	47,327,240	104,480,624	28,985,658	14,935,538	9,437,683	205,166,743
Exchange realignment	1,289,037	10,014,253	–	317,164	35,362	11,655,816
Arising on acquisition of subsidiaries (Note 42a)	7,059	–	–	–	–	7,059
Additions	6,776,453	24,299,406	4,144,851	4,175,013	486,837	39,882,560
Disposals	(975,960)	(9,066,513)	(281,124)	(1,337,187)	(4,492,375)	(16,153,159)
At 30th June, 2008	54,423,829	129,727,770	32,849,385	18,090,528	5,467,507	240,559,019
DEPRECIATION						
At 1st July, 2006	33,442,662	45,272,614	20,887,032	10,794,611	7,035,250	117,432,169
Exchange realignment	418,966	2,009,200	–	85,431	9,701	2,523,298
Provided for the year	2,003,579	9,816,862	2,252,145	1,629,492	903,050	16,605,128
Eliminated on disposals	(658,536)	(871,526)	–	(1,957,133)	(409,650)	(3,896,845)
At 30th June, 2007	35,206,671	56,227,150	23,139,177	10,552,401	7,538,351	132,663,750
Exchange realignment	1,039,525	6,057,794	2,042	226,453	29,069	7,354,883
Provided for the year	4,384,059	14,024,149	2,930,272	1,907,272	890,551	24,136,303
Eliminated on disposals	(966,945)	(6,125,837)	(73,205)	(1,256,995)	(4,274,412)	(12,697,394)
At 30th June, 2008	39,663,310	70,183,256	25,998,286	11,429,131	4,183,559	151,457,542
CARRYING AMOUNTS						
At 30th June, 2008	14,760,519	59,544,514	6,851,099	6,661,397	1,283,948	89,101,477
At 30th June, 2007	12,120,569	48,253,474	5,846,481	4,383,137	1,899,332	72,502,993
The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:						
Computer system	20%–33 ¹ / ₃ %					
Furniture, fixtures and equipment	10%–33 ¹ / ₃ %					
Leasehold improvements	20%					
Motor vehicles	20%					
Plant and machinery	10%–30%					

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

21. GOODWILL

	THE GROUP <i>HK\$</i>
GROSS AMOUNT	
At 1st July, 2006	13,285,576
Arising on acquisition of additional interests in a listed subsidiary	558,252,373
Eliminated on disposal of partial interests in a listed subsidiary	<u>(7,330,087)</u>
At 30th June, 2007	564,207,862
Arising on acquisition of additional interests in a listed subsidiary	219,571,511
Eliminated on disposal of partial interests in a listed subsidiary	<u>(24,753,564)</u>
At 30th June, 2008	<u>759,025,809</u>

Goodwill at 30th June, 2008 and 2007 is arisen from acquisition of additional interests in the Company's listed subsidiary, repurchase of certain of its shares by the listed subsidiary for cancellation as well as issue of scrip dividends by the listed subsidiary. Particulars regarding impairment testing on goodwill are disclosed in Note 25.

In addition, the listed subsidiary carried out a placement of shares during the year ended 30th June, 2008 which resulted in a decrease of Group's percentage interest in the listed subsidiary. Accordingly, a gain on deemed disposal of partial interest in the listed subsidiary amounting to HK\$948,542,906 (2007: loss of HK\$39,778,842 on deemed disposal arising from conversion of convertible bonds of the listed subsidiary), being the increase in net assets of the listed subsidiary attributable to the Group's interest as a result of the placement but reduced by the release of goodwill attributable to the disposal of partial interest in the listed subsidiary, has been included in the consolidated income statement.

22. PREPAID LEASE PAYMENTS

	THE GROUP	
	2008 <i>HK\$</i>	2007 <i>HK\$</i>
The Group's prepaid lease payments comprise:		
Leasehold land outside Hong Kong – long lease	<u>466,982,934</u>	<u>421,488,944</u>
Analysed for reporting purposes as:		
Current assets	5,276,645	4,709,375
Non-current assets	<u>461,706,289</u>	<u>416,779,569</u>
	<u>466,982,934</u>	<u>421,488,944</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

23. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES

	THE COMPANY	
	2008 HK\$	2007 HK\$
Investments in subsidiaries:		
Unlisted shares, at cost less impairment losses recognised	4,455,136	4,455,134
Listed shares in Hong Kong, at cost	<u>3,964,483,031</u>	<u>3,515,428,909</u>
	<u>3,968,938,167</u>	<u>3,519,884,043</u>
Market value of Hong Kong listed investments	<u>17,649,325,433</u>	<u>18,223,670,307</u>

The amounts due from subsidiaries grouped under current assets are unsecured, interest-free and repayable on demand. Particulars of the Company's principal subsidiaries at 30th June, 2008 and 2007 are set out in Note 49.

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

	THE GROUP	
	2008 HK\$	2007 HK\$
Interests in associates:		
Unlisted shares, at cost	2,557,067,139	2,671,799,370
Share of post-acquisition profits	<u>3,843,593,188</u>	<u>2,960,819,097</u>
	<u>6,400,660,327</u>	<u>5,632,618,467</u>

Included in the cost of investment in associates is goodwill of HK\$142,498,716 (2007: 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, 2008, out of the Group's advances to associates of the Group, HK\$1,390,702,904 (2007: HK\$1,244,912,046) bears interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$9,076,380,091 (2007: HK\$8,016,656,135) is interest-free. The effective interest rate for imputed interest income is determined based on the cost-of-fund plus a margin per annum. In the opinion of the Directors, the Group will not demand for repayment within twelve months from the balance sheet date and the advances are therefore shown as non-current.

The amounts due from associates of the Group grouped under current assets are unsecured and are expected to repay within one year. At 30th June, 2008, out of the amounts due from associates of the Group, HK\$256,298,961 (2007: HK\$222,461,589) bears interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$677,361,768 (2007: HK\$672,412,404) is interest-free.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

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

The amounts due to associates of the Group grouped under current liabilities are unsecured and repayable on demand. At 30th June, 2008, out of the Group's amounts due to associates, no balance (2007: HK\$638,753,887) bears interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$1,420,298,993 (2007: HK\$123,215,023) is interest-free.

Particulars of the principal associates at 30th June, 2008 and 2007 are set out in Note 50.

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

	2008 HK\$	2007 <i>HK\$</i>
Total assets	88,322,850,052	72,517,620,363
Total liabilities	(68,163,759,775)	(55,838,892,978)
Net assets	20,159,090,277	16,678,727,385
Group's share of net assets of associates	6,258,161,611	5,490,119,751
Turnover	5,997,098,719	7,411,506,824
Profit for the year	3,783,467,778	3,825,389,010
Group's share of results of associates for the year	1,618,445,535	1,313,707,497

The IRD initiated tax inquiries in respect of the deductions on certain loan interest and related expenses for the years of assessment 1994/95 to 2002/03 on a wholly-owned subsidiary, Wide Harvest Investment Limited ("WHI"), of the Group's associate, Million Success Limited and for the years of assessment 1994/95 to 2001/02 on a wholly-owned subsidiary, Murdoch Investments Inc. ("MII"), of the Group's associate, Erleigh Investment Limited. Notices of assessment for additional tax in the aggregate amounts of approximately HK\$396,088,000 and HK\$103,020,000 were issued to WHI and MII for the years under review, respectively, and objections were properly lodged with the IRD by WHI and MII. The IRD agreed to hold over the tax claims subject to the purchase of TRC of approximately HK\$212,061,000 and HK\$18,212,000, respectively, for those years of assessments. These TRC have been purchased by the corresponding companies. During the year, WHI has reached a settlement agreement with IRD to settle the tax inquiries for the years of assessment 1994/95 to 2002/03. The Group's share of additional tax amounted to approximately HK\$96,442,000.

The effective share of the additional tax attributable to the Group in relation to MII as at 30th June, 2008 is estimated to be approximately HK\$23,478,000 (2007: HK\$69,027,000 in relation to WHI and MII). Together with the advice from their tax advisors, management of MII confirmed that it is their intention to vigorously contest the relevant assessments issued by the IRD. The management of MII are of the opinion that the outcome of these assessments/objections cannot presently be estimated. The management is also of the opinion that the payment of the additional taxes is not probable and therefore no provision for any liabilities has been made by MII.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

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

The Directors have taken note of the above matters and have made due inquiries. Nothing has come to the attention of the Board of Directors of the Company which indicates that there has been material subsequent development or change in status in respect of the above matters.

25. IMPAIRMENT TESTING ON GOODWILL WITH INDEFINITE USEFUL LIVES

During the year ended 30th June, 2008 and 2007, management of the Group performed an impairment review in respect of goodwill with indefinite useful lives set out in Note 21 arising on acquisition of additional interests in the Company's listed subsidiary, Sino Land, at the amount of HK\$759,025,809 (2007: HK\$564,207,862) at 30th June, 2008. Sino Land is the Company's major operating arm in respect of the Group's five operating divisions as set out in Note 8. The recoverable amount of these operating divisions (which are also the cash generating units) is determined based on fair value less costs to sell. The management determined that there is no impairment on goodwill as at 30th June, 2008 and 2007. The amounts of goodwill allocated to respective cash generating units are disclosed in Note 8.

26. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	THE GROUP	
	2008 HK\$	2007 HK\$
Listed investments:		
Equity securities listed in Hong Kong	1,215,056,176	3,043,430,216
Equity securities listed elsewhere	557,315,826	523,687,172
	<u>1,772,372,002</u>	<u>3,567,117,388</u>
Unlisted securities:		
Equity securities	30,898,952	30,898,952
Club debentures	615,000	615,000
	<u>31,513,952</u>	<u>31,513,952</u>
Total	<u>1,803,885,954</u>	<u>3,598,631,340</u>

As at the balance sheet date, all available-for-sale investments are stated at fair value, except for those unlisted equity investments of which their fair values cannot be measured reliably.

The above unlisted investments include investments in unlisted equity securities issued by private entities incorporated in Hong Kong. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

27. TRADING SECURITIES

Trading securities comprise:

	THE COMPANY		THE GROUP	
	2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$
Listed investments:				
Equity securities listed in Hong Kong	1,129,700	1,217,817	1,746,277,610	1,604,134,897
Equity securities listed elsewhere	–	–	346,826,085	360,866,064
Total	1,129,700	1,217,817	2,093,103,695	1,965,000,961

28. ADVANCES TO INVESTEE COMPANIES

The advances to investee companies of the Group are unsecured and have no fixed repayment terms. At 30th June, 2008, out of the advances is HK\$17,904,819 (2007: HK\$12,240,884) which bears interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$125,824 (2007: HK\$125,824) is interest-free. In the opinion of the Directors, the Group will not demand for repayment within twelve months from the balance sheet date and the advances are therefore shown as non-current.

29. LONG-TERM LOANS RECEIVABLE

	THE GROUP	
	2008 HK\$	2007 HK\$
Total long-term variable-rate loans receivable	40,302,196	80,841,114
Less: Current portion shown under current assets	(3,082,818)	(5,722,685)
	37,219,378	75,118,429

The Group offers loans to buyers of properties sold by the Group and the repayment of the loans is 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.

Included in the carrying amount of loans receivable at 30th June, 2008 is accumulated impairment loss of HK\$12,275,562 (2007: HK\$12,262,803).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

29. LONG-TERM LOANS RECEIVABLE (Continued)

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

	2008 <i>HK\$</i>	2007 <i>HK\$</i>
Variable-rate loans receivable:		
Within one year	3,082,818	5,722,685
In more than one year but not more than five years	9,889,262	14,977,821
In more than five years	27,330,116	60,140,608
	40,302,196	80,841,114

The Group's long-term loans receivable are denominated in HKD and carry interest rates (which are the contractual interest rates) at prime rate plus a margin per annum and are secured by second mortgages over the properties acquired by the purchasers. The maturity dates of the balances are ranging from 7 to 16 years (2007: ranging from 7 to 17) years.

Movements in the allowance for doubtful debts

	THE GROUP	
	2008 <i>HK\$</i>	2007 <i>HK\$</i>
Balance at beginning of the year	12,262,803	12,699,270
Impairment losses recognised on receivables	12,759	–
Impairment losses reversed	–	(436,467)
Balance at end of the year	12,275,562	12,262,803

At 30th June, 2008 and 2007, no balance is past due but not impaired. The Group has assessed the creditworthiness, past payment history and substantial settlement after the balance sheet date, and considered that the amounts are still recoverable and no further credit provision is required in excess of allowance for doubtful debts. Loans receivable which are neither overdue nor impaired are in good quality.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

30. ACCOUNTS AND OTHER RECEIVABLES

At 30th June, 2008, included in accounts and other receivables of the Group are trade receivables of HK\$483,285,976 (2007: HK\$3,471,246,416). Trade receivables mainly comprise rental receivables which are billed in advance and settlements are expected upon receipts of billings and properties sales proceeds receivables.

	THE GROUP	
	2008 HK\$	2007 HK\$
Trade receivables	501,951,811	3,486,557,054
Less: Allowance for doubtful debts	(18,665,835)	(15,310,638)
	483,285,976	3,471,246,416
Other receivables	447,177,746	543,209,497
	930,463,722	4,014,455,913

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. Considerations in respect of sold properties are payable by the purchasers pursuant to the terms of the sales and purchase agreements. Rents in respect of leased properties are payable in advance.

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

	THE GROUP	
	2008 HK\$	2007 HK\$
0 – 30 days	429,687,621	3,362,691,458
31 – 60 days	17,470,928	30,678,511
61 – 90 days	6,296,745	8,511,773
Over 90 days	29,830,682	69,364,674
	483,285,976	3,471,246,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

30. ACCOUNTS AND OTHER RECEIVABLES (Continued)

Movements in the allowance for doubtful debts

	THE GROUP	
	2008 HK\$	2007 HK\$
Balance at beginning of the year	15,310,638	37,168,258
Amounts written off as uncollectible	(456,307)	(24,027,837)
Reversal of impairment losses recognised on receivables	–	(208,150)
Impairment losses recognised on receivables	3,811,504	2,378,367
	<u>18,665,835</u>	<u>15,310,638</u>

Ageing of trade receivables which are past due but not impaired

	THE GROUP	
	2008 HK\$	2007 HK\$
Overdue within 30 days	76,921,411	38,487,369
Overdue between 31 days to 60 days	17,470,928	30,678,511
Overdue between 61 days to 90 days	6,296,745	8,511,773
Overdue for more than 90 days	29,830,682	69,364,674
	<u>130,519,766</u>	<u>147,042,327</u>

For those past due but not impaired receivables, although no collateral is held, the Group has assessed the creditworthiness, past payment history and substantial settlement after the balance sheet date, and considers that the amounts are still recoverable and no further credit provision is required in excess of allowance for doubtful debts. Trade receivables over 90 days amounting to HK\$29,830,682 (2007: HK\$69,364,674) 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 which are neither overdue nor impaired are in good quality.

31. RESTRICTED BANK DEPOSITS/TIME DEPOSITS, BANK BALANCES AND CASH

The restricted bank deposits of the Group represent rental income received from certain properties which have been charged but can be applied for settlement of property expenses, interest payment and principal repayment of the corresponding secured bank loans. The restricted bank deposits and time deposits carry floating interest rates, ranging from 0.675% to 5.875% (2007: 3.000% to 5.125%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

32. ACCOUNTS AND OTHER PAYABLES

At 30th June, 2008, included in accounts and other payables of the Group are trade payables of HK\$562,669,631 (2007: HK\$390,041,741).

The accounts and other payables of the Group are unsecured and repayable on demand. At 30th June, 2008, out of the payables, HK\$26,591,687 (2007: HK\$24,265,322) bears interest at 7.25% per annum (2007: 9.75% per annum) and the remaining balance of HK\$4,075,109,054 (2007: HK\$3,050,455,955) is interest free.

The following is an aged analysis of trade payables at the reporting date:

	THE GROUP	
	2008 HK\$	2007 HK\$
0 – 30 days	204,218,461	344,742,837
31 – 60 days	20,797,624	20,991,373
61 – 90 days	1,952,953	9,027,243
Over 90 days	335,700,593	15,280,288
	<hr/>	<hr/>
	562,669,631	390,041,741
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

33. BANK BORROWINGS

	THE COMPANY		THE GROUP	
	2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$
Short-term bank loans				
Secured	50,000,000	300,000,000	5,157,288,262	4,081,667,955
Unsecured	–	–	598,625,776	744,794,539
	<u>50,000,000</u>	<u>300,000,000</u>	<u>5,755,914,038</u>	<u>4,826,462,494</u>
Secured bank overdrafts	–	–	965,260	22,689
Total short-term bank loans	<u>50,000,000</u>	<u>300,000,000</u>	<u>5,756,879,298</u>	<u>4,826,485,183</u>
Long-term unsecured bank loans				
Within one year	–	–	–	–
More than one year but not exceeding two years	–	–	498,842,806	99,683,741
More than two years but not exceeding three years	–	–	–	496,236,007
	<u>–</u>	<u>–</u>	<u>498,842,806</u>	<u>595,919,748</u>
Less: Current portion shown under current liabilities	–	–	–	–
	<u>–</u>	<u>–</u>	<u>498,842,806</u>	<u>595,919,748</u>
Long-term secured bank loans				
Within one year	–	–	424,293,045	358,987,152
More than one year but not exceeding two years	–	–	5,972,782,275	2,483,046,118
More than two years but not exceeding three years	–	–	4,149,282,076	6,518,481,689
More than three years but not exceeding four years	–	–	618,309,309	2,722,157,501
More than four years but not exceeding five years	–	–	1,194,740,811	431,933,951
	<u>–</u>	<u>–</u>	<u>12,359,407,516</u>	<u>12,514,606,411</u>
Less: Current portion shown under current liabilities	–	–	(424,293,045)	(358,987,152)
	<u>–</u>	<u>–</u>	<u>11,935,114,471</u>	<u>12,155,619,259</u>
Total bank loans – due after one year	<u>–</u>	<u>–</u>	<u>12,433,957,277</u>	<u>12,751,539,007</u>
Total bank loans	<u>50,000,000</u>	<u>300,000,000</u>	<u>18,615,129,620</u>	<u>17,937,011,342</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

33. BANK BORROWINGS (Continued)

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

The Group's bank borrowings that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	HK\$ equivalent of United States Dollars HK\$
As at 30th June, 2008	234,066,000
As at 30th June, 2007	<u>234,487,500</u>

34. OTHER LOANS

	THE COMPANY		THE GROUP	
	2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$
Unsecured other loans				
On demand or within one year	–	–	210,362,340	–
More than one year but not exceeding two years	–	–	3,549,226,730	3,424,920,855
	–	–	3,759,589,070	3,424,920,855
Less: Current portion shown under current liabilities	–	–	(210,362,340)	–
	–	–	3,549,226,730	3,424,920,855
Secured other loans				
On demand or within one year	19,345,894	17,974,055	460,931,803	790,298,547
More than one year but not exceeding two years	–	–	120,000,000	–
More than two years but not exceeding three years	–	–	34,393,500	–
More than three years but not exceeding four years	–	–	257,951,250	–
More than four years but not exceeding five years	–	–	–	230,220,000
	19,345,894	17,974,055	873,276,553	1,020,518,547
Less: Current portion shown under current liabilities	(19,345,894)	(17,974,055)	(460,931,803)	(790,298,547)
	–	–	412,344,750	230,220,000
Total other loans – due after one year	–	–	3,961,571,480	3,655,140,855
Total other loans	<u>19,345,894</u>	<u>17,974,055</u>	<u>4,632,865,623</u>	<u>4,445,439,402</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

34. OTHER LOANS (Continued)

At 30th June, 2008, the secured other loans of the Group carry contractual interest rates (which are also the effective interest rates) at prime rate plus a margin per annum. The unsecured other loans are interest-free and out of which an aggregate amount of HK\$3,549,226,730 (2007: HK\$3,424,920,855) is included in non-current liability as the lenders have agreed not to demand repayment within twelve months from the balance sheet date and is discounted over the 12-month period using HIBOR plus a margin per annum.

35. SHARE CAPITAL

	2008		2007	
	Number of ordinary shares of HK\$0.20 each	Nominal value HK\$	Number of ordinary shares of HK\$0.20 each	Nominal value HK\$
Authorised:				
At 1st July and at 30th June	<u>2,500,000,000</u>	<u>500,000,000</u>	<u>2,500,000,000</u>	<u>500,000,000</u>
Issued and fully paid:				
At 1st July	1,431,579,383	286,315,877	1,408,372,188	281,674,438
Issue of shares in lieu of cash dividends	<u>19,358,425</u>	<u>3,871,685</u>	<u>23,207,195</u>	<u>4,641,439</u>
At 30th June	<u>1,450,937,808</u>	<u>290,187,562</u>	<u>1,431,579,383</u>	<u>286,315,877</u>

On 14th December, 2007 and 16th May, 2008, the Company issued and allotted a total of 14,415,147 ordinary shares and 4,943,278 ordinary shares of HK\$0.20 each of the Company at an issue price of HK\$29.54 and HK\$29.10 per share, respectively, in lieu of cash for 2007 final and 2008 interim dividends.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

36. SHARE PREMIUM AND RESERVES

THE COMPANY				
	Share premium	Capital redemption reserve	Retained profits	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
At 1st July, 2006	2,976,221,220	224,000	380,502,605	3,356,947,825
Premium on issue of shares upon scrip dividends	536,254,025	–	–	536,254,025
Shares issue expenses	(60,000)	–	–	(60,000)
Profit for the year	–	–	586,110,168	586,110,168
Final dividend – 2006	–	–	(422,511,656)	(422,511,656)
Interim dividend – 2007	–	–	(121,317,675)	(121,317,675)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June, 2007	3,512,415,245	224,000	422,783,442	3,935,422,687
Premium on issue of shares upon scrip dividends	565,801,196	–	–	565,801,196
Shares issue expenses	(60,000)	–	–	(60,000)
Profit for the year	–	–	657,719,359	657,719,359
Final dividend – 2007	–	–	(429,473,815)	(429,473,815)
Interim dividend – 2008	–	–	(144,599,453)	(144,599,453)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June, 2008	<u>4,078,156,441</u>	<u>224,000</u>	<u>506,429,533</u>	<u>4,584,809,974</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

37. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation HK\$	Revaluation of investment properties HK\$	Equity component of convertible bonds of a listed subsidiary HK\$	Undistributed profits of associates HK\$	Tax losses HK\$	Others HK\$	Total HK\$
At 1st July, 2006	191,822,607	1,731,900,833	38,746,870	-	(115,061,036)	38,210,981	1,885,620,255
Exchange realignment	-	-	-	-	-	2,808,208	2,808,208
Charged (credited) to income for the year	38,625,170	358,456,619	-	-	(20,637,690)	15,750,054	392,194,153
Credited to equity on conversion of convertible bonds of a listed subsidiary	-	-	(38,746,870)	-	-	-	(38,746,870)
At 30th June, 2007	230,447,777	2,090,357,452	-	-	(135,698,726)	56,769,243	2,241,875,746
Exchange realignment	-	-	-	-	-	14,343,963	14,343,963
Acquisition of subsidiaries (Note 42a)	39,747,559	-	-	-	-	-	39,747,559
Charged (credited) to income for the year	103,276,733	652,318,853	-	18,156,344	(46,178,526)	24,573,853	752,147,257
Effect of change in tax rate	(11,328,851)	(117,658,803)	-	-	4,545,325	(35,067)	(124,477,396)
At 30th June, 2008	362,143,218	2,625,017,502	-	18,156,344	(177,331,927)	95,651,992	2,923,637,129

For the purpose of balance sheet presentation, certain deferred tax assets and liabilities have been offset.

At 30th June, 2008, the Group had unused tax losses of HK\$2,324,362,198 (2007: HK\$2,251,323,246) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$1,074,868,564 (2007: HK\$766,704,267) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$1,249,493,634 (2007: HK\$1,484,618,979) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

At 30th June, 2008, the Group had deductible temporary differences of HK\$2,324,578,448 (2007: HK\$2,054,485,949). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was HK\$185,848,052 (2007: HK\$54,913,583). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

38. ADVANCES FROM SUBSIDIARIES

The advances from subsidiaries of the Company are unsecured, bear interest at effective rate determined based on cost-of-funds plus a margin per annum and have no fixed repayment terms but are not repayable within twelve months from the balance sheet date. The advances are therefore shown as non-current.

39. ADVANCES FROM ASSOCIATES

The advances from associates of the Group are unsecured and have no fixed repayment terms but are not repayable within twelve months from the balance sheet date. At 30th June, 2008, HK\$480,518,041 (2007: HK\$481,657,809) of the advances bear interest at effective rate determined based on the cost-of-funds plus a margin per annum and the remaining balance of HK\$1,510,345,490 (2007: HK\$1,503,987,899) is interest-free. The effective interest rate for imputed interest expenses is determined based on the cost-of-funds plus a margin per annum.

40. ADVANCES FROM MINORITY SHAREHOLDERS

The advances from minority shareholders of the Group are unsecured, bear interest at effective rate determined based on the cost-of-funds plus a margin per annum and have no fixed repayment terms. The minority shareholders agreed not to demand repayable within the next twelve months from the balance sheet date and the advances are therefore shown as non-current.

41. JOINTLY CONTROLLED OPERATION

The Group has entered into joint venture agreements ("Agreements") in the form of jointly controlled operation to jointly develop residential/commercial projects in Hong Kong. Under the Agreements, the Group is responsible for the development of the projects.

At 30th June, 2008 and 2007, the aggregate amount of assets, liabilities, income and expenses recognised in the consolidated financial statements in relation to the interest in jointly controlled operation are as follows:

	2008 HK\$	2007 HK\$
Assets	<u>22,501,834,861</u>	<u>3,726,568,752</u>
Liabilities	<u>8,802,621,086</u>	<u>1,930,455,874</u>
Income	<u>3,427,719,900</u>	<u>2,980,203,962</u>
Expenses	<u>1,076,341,314</u>	<u>1,981,961,927</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

42. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of assets and liabilities through purchase of subsidiaries

During the year, the Group acquired additional 57.5% and 70% equity interest of Benefit Bright (B.V.I.) Limited and Harvest Sun (B.V.I.) Limited respectively, for a total consideration of HK\$2,399,007,743. These companies hold investment properties. Prior to the acquisition, the Group held 42.5% interest in Benefit Bright (B.V.I.) Limited, 30% interest in Harvest Sun (B.V.I.) Limited and these have been accounted for as interests in associates. These companies then became subsidiaries subsequent to the acquisition.

The net assets acquired in the transaction are as follows:

	Benefit Bright (B.V.I.) Limited	Harvest Sun (B.V.I.) Limited	Total HK\$
	Acquiree's carrying amount before combination and fair value HK\$	Acquiree's carrying amount before combination and fair value HK\$	
Net assets acquired:			
Investment properties	4,402,797,500	488,046,001	4,890,843,501
Property, plant and equipment	–	7,059	7,059
Mortgage loans receivable	–	1,320,975	1,320,975
Stock of unsold properties	161,700,000	15,420,000	177,120,000
Accounts and other receivables	47,863,804	10,920,604	58,784,408
Bank balances	130,241,742	121,670,039	251,911,781
Accounts and other payables	(50,822,387)	(98,881,661)	(149,704,048)
Unsecured loans payable	(5,404,914,222)	–	(5,404,914,222)
Taxation payable	–	(32,775)	(32,775)
Deferred taxation	(24,816,243)	(14,931,316)	(39,747,559)
	(737,949,806)	523,538,926	(214,410,880)
Assignment of unsecured loans payable	3,107,771,227	–	3,107,771,227
			2,893,360,347
Interests in associates held prior to the acquisition	(284,188,055)	(210,164,549)	(494,352,604)
	<u>2,085,633,366</u>	<u>313,374,377</u>	<u>2,399,007,743</u>
Total cash consideration paid for acquisition of assets and liabilities through purchase of subsidiaries			<u>2,399,007,743</u>
Net cash outflow arising on acquisition:			
Cash consideration paid			(2,399,007,743)
Bank balances acquired			251,911,781
			<u>(2,147,095,962)</u>

The companies acquired contributed HK\$994,692,829 to the Group's profit for the period between the date of acquisition and the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

42. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of businesses

During the year, the Group acquired 50% and 57.5% of the issued share capital of Olympian City 2 Finance Company Limited and Olympian City 2 Management Company Limited respectively, for a total consideration of HK\$5,382,016. Prior to the acquisition, the Group held 50% interest in Olympian City 2 Finance Company Limited, 42.5% interest in Olympian City 2 Management Company Limited and these have been accounted for as interests in associates. These companies then became subsidiaries subsequent to the acquisition. The acquisition of Olympian City 2 Finance Company Limited and Olympian City 2 Management Company Limited has been accounted for using the purchase method.

The net assets acquired in the transaction are as follows:

	<u>Olympian City 2 Finance Company Limited</u>	<u>Olympian City 2 Management Company Limited</u>	<u>Total HK\$</u>
	Acquiree's carrying amount before combination and fair value HK\$	Acquiree's carrying amount before combination and fair value HK\$	
Net assets acquired:			
Mortgage loans receivable	3,243,331	–	3,243,331
Accounts and other receivables	6,849,649	–	6,849,649
Bank balances	777,420	52,121,779	52,899,199
Accounts and other payables	(119,006)	(52,109,922)	(52,228,928)
Unsecured loans payable	(14,334,149)	–	(14,334,149)
Taxation payable	–	(648)	(648)
	<u>(3,582,755)</u>	<u>11,209</u>	<u>(3,571,546)</u>
Assignment of unsecured loans payable	7,167,296	–	7,167,296
			<u>3,595,750</u>
Interests in associates held prior to the acquisition	<u>1,791,030</u>	<u>(4,764)</u>	<u>1,786,266</u>
	<u>5,375,571</u>	<u>6,445</u>	<u>5,382,016</u>
Total cash consideration paid for acquisition of business			<u>5,382,016</u>
Net cash inflow arising on acquisition:			
Cash consideration paid			(5,382,016)
Bank balances acquired			52,899,199
			<u>47,517,183</u>

The companies acquired contributed HK\$1,202 to the Group's profit for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1st July, 2007, total group revenue for the year would have been HK\$6,251,491,208, and profit for the year would have been HK\$7,720,996,255. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st July, 2007, nor is it intended to be a projection of future results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the year ended 30th June, 2008

43. MAJOR NON-CASH TRANSACTIONS

On 14th December, 2007 and 16th May, 2008, the Company issued and allotted a total of 14,415,147 ordinary shares and 4,943,278 ordinary shares of HK\$0.20 each of the Company at HK\$29.54 and HK\$29.10 per share, respectively, to the shareholders in lieu of cash for 2007 final and 2008 interim dividends.

On 13th December, 2007 and 15th May, 2008, Sino Land issued and allotted a total of 46,266,032 ordinary shares and 22,784,071 ordinary shares of HK\$1.00 each of Sino Land at HK\$25.87 and HK\$17.988 per share, respectively, to Sino Land's shareholders in lieu of cash for Sino Land's 2007 final and 2008 interim dividends.

44. PLEDGE OF ASSETS

THE GROUP

- (a) At 30th June, 2008, the aggregate facilities of bank loans, overdrafts and other loans amounting to approximately HK\$23,592,723,000 (2007: HK\$24,244,322,000) were secured by certain of the Group's listed investments, properties, restricted bank deposits, shares of Sino Land and floating charges on bank balances amounting to a total of approximately HK\$59,758,000,000 (2007: HK\$49,919,000,000). At that date, the facilities were utilised to the extent of approximately HK\$18,420,996,000 (2007: HK\$17,639,843,000).
- (b) At 30th June, 2008, investments in and advances to certain associates amounting to approximately HK\$6,164,802,000 (2007: HK\$3,899,000,000), in addition to certain assets pledged by the associates, were pledged to or assigned to secure loan facilities made available by banks or financial institutions to such associates. The Group's attributable portion of these facilities amounted to approximately HK\$10,415,450,000 (2007: HK\$7,580,450,000), of which HK\$7,191,850,000 (2007: HK\$5,581,150,000) was utilised by the associates and guaranteed by Sino Land.

THE COMPANY

At 30th June, 2008, the Company and certain subsidiaries' bank and other loan facilities at an aggregate amount of HK\$279,345,894 (2007: HK\$317,974,055) were secured by certain shares held by the Company amounting to HK\$1,480,248,758 (2007: HK\$1,528,470,404). At that date, the facilities were utilised to the extent of HK\$279,345,894 (2007: HK\$317,974,055).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

45. COMMITMENTS AND CONTINGENT LIABILITIES

- (a) Other than as disclosed in Note 15, at the balance sheet date, the Company and the Group had commitments and contingent liabilities as follows:

	THE COMPANY		THE GROUP	
	2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$
(i) Commitments in respect of land premium payable	–	–	835,100,000	–
(ii) Guarantees in respect of banking facilities of:				
Subsidiaries				
– Utilised	2,084,066,000	1,824,487,500	–	–
– Unutilised	–	–	–	–
	2,084,066,000	1,824,487,500	–	–
Associates				
– Utilised	–	–	7,191,850,000	5,581,150,000
– Unutilised	–	–	3,223,600,000	1,999,300,000
	–	–	10,415,450,000	7,580,450,000

In relation to the financial guarantee amounts provided to associates at 30th June, 2008, HK\$16,988,097 (2007: HK\$9,366,238) was recognised in the Group's financial statements as financial guarantee contracts.

The Company has also provided corporate guarantees to certain subsidiaries over the repayment of loans by these subsidiaries. As the fair value of the pledged assets is significantly greater than the loan balances, the Directors consider that the fair value of the financial guarantee is immaterial and therefore the Company has not recognised the financial guarantee contracts in the Company's balance sheet on initial recognition.

- (b) At the balance sheet date, share of commitments and contingent liabilities of associates are as follow:

	THE COMPANY		THE GROUP	
	2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$
(i) Share of commitments in respect of land premium payable	–	–	1,290,211,250	–
(ii) Share of contingent liabilities (Note 24)	–	–	46,359,000	131,021,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

46. OPERATING LEASE ARRANGEMENTS

The Group as lessor

Property rental income earned during the year, net of outgoings of HK\$248,059,344 (2007: HK\$189,665,827) was HK\$1,225,784,568 (2007: HK\$990,555,330). Most of the properties held have committed tenants with rental fixed for an average term of two years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments, which fall due:

	2008 HK\$	2007 HK\$
Within one year	1,387,129,384	863,539,107
In the second to fifth year inclusive	1,626,452,130	859,755,578
After five years	21,051,170	39,194,320
	<u>3,034,632,684</u>	<u>1,762,489,005</u>

The Group as lessee

Minimum lease payments paid under operating leases during the year was HK\$46,051,786 (2007: HK\$30,680,994).

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2008 HK\$	2007 HK\$
Within one year	23,762,768	29,163,340
In the second to fifth year inclusive	6,590,852	12,685,500
	<u>30,353,620</u>	<u>41,848,840</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of two years and rentals are fixed for an average term of two years.

The Company did not have any significant commitments either as a lessor or a lessee at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

47. 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 Scheme Authority under the Mandatory Provident Fund 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.

48. RELATED PARTY DISCLOSURES

The Group had the following transactions with related parties:

(a) Related companies

	2008 HK\$	2007 HK\$
Service fees received therefrom (Note i)	117,313,286	43,773,841
Rental paid thereto (Note i)	46,051,786	30,680,994
Consultancy fee paid thereto (Note ii)	2,083,330	2,083,330
Fair value adjustment on non-current interest-free unsecured other loans (Note iii)	154,336,812	187,192,646
Imputed interest expense on non-current interest-free unsecured other loans (Note iii)	<u>187,192,646</u>	<u>179,000,362</u>

Note i: Mr. Robert Ng Chee Siang, Director of the Company, was interested in these transactions as he holds share interest and directorships of the related companies.

Note ii: The Honourable Ronald Joseph Arculli GBS, CVO, OBE, JP, Non-executive Director of the Company, was interested in this transaction as a sole proprietor of the related company.

Note iii: All the unsecured other loans of the Group amounting to HK\$3,759,589,070 (2007: HK\$3,424,920,855) were borrowed from a close family member of Mr. Ng Teng Fong, the controlling shareholder of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

48. RELATED PARTY DISCLOSURES (Continued)

(b) Associates

	2008 HK\$	2007 HK\$
Service fees paid thereto	12,285,907	10,793,540
Management fees received therefrom	21,535,260	14,779,470
Interest income received therefrom	42,333,425	61,786,703
Interest expenses paid thereto	18,733,689	7,717,271
Imputed interest income on non-current interest-free advances to associates	189,303,393	237,078,415
Imputed interest expense on non-current interest-free advances from associates	<u>67,281,109</u>	<u>60,900,450</u>

Certain of the above related party transactions also constitute continuing connected transactions as defined in chapter 14A of the Listing Rules and their details are disclosed on pages 34 to 41 in the Directors' report.

Details of the outstanding balances with subsidiaries, associates and minority shareholders as well as interest-free unsecured other loans at the balance sheet date are set out in the Company and consolidated balance sheets and in Notes 23, 24, 34, 38, 39 and 40.

In addition, as set out in Notes 44 and 45, the Company and the Group have granted guarantees and pledged certain assets to banks and financial institutions for facilities granted to the group entities and associates.

Compensation of key management personnel

The remuneration of Directors during the year was as follows:

	2008 HK\$	2007 HK\$
Short-term benefits	8,066,988	10,731,422
Retirement benefit scheme contributions	<u>36,000</u>	<u>36,000</u>
	<u>8,102,988</u>	<u>10,767,422</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, 2008

49 PRINCIPAL SUBSIDIARIES

The Directors are of the opinion that a complete list of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries at 30th June, 2008 and 2007 which materially affect the results or assets and liabilities of the Group.

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

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2008 Directly %	2008 Indirectly %	2008 Total %	2007 Total %	
Able Way Investments Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Acclaim Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Accomplishment Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Ackerley Estates Limited	Hong Kong	Ordinary	HK\$20,000,000	–	100	100	100	Property investment
Active Success Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Advance Profit Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Alfaso Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Allbright Global Investments, S.A.	Republic of Panama/ Hong Kong	Bearer	US\$200	100	–	100	100	Share investment
Allways Success Finance Limited	Hong Kong	Ordinary	HK\$10	–	100	100	100	Mortgage loan financing
Ample Way Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Apex Speed Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Beauty Plaza Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Benefit Bright Limited (Note ii)	Hong Kong	Ordinary	HK\$2	–	100	100	42.5	Property trading and investment
Best Origin Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Bestone Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

49 PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2008 Directly %	2008 Indirectly %	Total %	2007 Total %	
Best General Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Provision of financial services
Best Result Cleaning Services Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Cleaning services
Brighter Investment Company Limited	Hong Kong	Ordinary	HK\$400,000	100	–	100	100	Share investment
Century Profit Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Cheer Result Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Champion Top Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Property development
Crenshaw Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Citywalk Management Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Building management
Dragon (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
e.Sino Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Investment holding
Elegant Lane Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Entertainment City Limited	Hong Kong	Ordinary	HK\$4,500,000	–	100	100	100	Property investment
Ever Champion Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

49 PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				Directly %	Indirectly %	Total %	2007 Total %	
Ever Success Limited	Hong Kong	Ordinary	HK\$2	100	–	100	N/A	Financing
Falcon City Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Famous General Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Famous Palace Properties Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Far Gain Limited	Hong Kong	Ordinary	HK\$10,000	–	100	100	100	Property investment
Firm Wise Investment Limited	Hong Kong	Ordinary	HK\$10	–	70	70	70	Property investment
Forlink Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Fortune Garden Inc.	Republic of Liberia/ Hong Kong	Registered/ Bearer	US\$1	–	100	100	100	Share investment
Free Champion Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Fu King Investment Limited	Hong Kong	Ordinary	HK\$1,000,000	–	100	100	100	Investment holding
Full Fair Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Fullerton Hotels & Resorts Pte. Limited	Singapore	Ordinary	S\$10,000	–	100	100	100	Management services
Fung Yuen Construction Company Limited	Hong Kong	Ordinary	HK\$1,000,000	–	100	100	100	Building construction
Golden Century Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Global Honest Finance Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Mortgage loan financing
Globaland Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

49 PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				Directly %	Indirectly %	Total %	2007 Total %	
Glorypark Limited	Hong Kong	Ordinary	HK\$1,000	–	100	100	100	Property investment
Golden Leaf Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Grace Rays Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Grand Creator Investment (BVI) Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$10	–	60	60	60	Investment holding
Grand Creator Investment Limited	Hong Kong	Ordinary	HK\$2	–	60	60	60	Property trading
Grand Empire Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Project management
Grandeal Limited	Hong Kong/ The People's Republic of China, other than Hong Kong ("PRC")	Ordinary	HK\$2	–	100	100	100	Property trading
Great Land (HK) Limited	Hong Kong	Ordinary	HK\$1,000,000	–	100	100	100	Property trading and investment
Handsome Lift Investment (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Hang Hau Station (Project Management) Limited	Hong Kong	Ordinary	HK\$2	–	60	60	60	Project management
Harvest Sun Limited (Note ii)	Hong Kong	Ordinary	HK\$2	–	100	100	30	Property trading and investment
Harvestrade Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property trading and investment
Hickson Limited	Hong Kong	Ordinary	HK\$20	–	100	100	100	Property investment
High Elite Finance Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Mortgage loan financing
High Elite Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

49 PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				Directly 2008 %	Indirectly 2008 %	Total 2008 %	Total 2007 %	
Hong Kong Elite Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Jade Bird Development Limited	Hong Kong	Ordinary	HK\$100,000	–	100	100	100	Property trading and investment
Jade Line Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Jade Mate Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Jade Pine Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Jade Queen Properties Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Jet Rise Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Ka Fai Land Investment Limited	Hong Kong	Ordinary	HK\$500,000	100	–	100	100	Share investment
King Century Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
King Chance Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Investment holding
Kingdom Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
King Talent Investments Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Land Success Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Landscape Investment Limited	Hong Kong/ PRC	Ordinary	HK\$2	–	100	100	100	Property development
Lucky Fortress Inc.	Republic of Liberia/ Hong Kong	Registered/ Bearer	US\$1	–	100	100	100	Share investment
Mackey Limited	Hong Kong	Ordinary	HK\$100	–	100	100	100	Property trading
Mailcoach Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

49 PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2008 Directly %	2008 Indirectly %	Total %	2007 Total %	
Main Earn Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Mander Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Share investment
Morbest Profits Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Share investment
Multipurpose Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property trading and investment
Nam Lung (Singapore) Pte. Limited	Singapore	Ordinary	S\$2	100	–	100	100	Share dealing
Nice Scene International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Ocean Century Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Financing
Ocean Treasure (Hong Kong) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Octerworth Enterprises Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Olympian City 1 (Project Management) Limited (Note ii)	Hong Kong	Ordinary	HK\$2	–	100	100	30	Project management
Olympian City 2 Finance Company Limited (Note ii)	Hong Kong	Ordinary	HK\$1,000	–	100	100	50	Mortgage loan financing
Olympian City 2 (Project Management) Limited (Note ii)	Hong Kong	Ordinary	HK\$2	–	100	100	42.5	Project management
Orchard Centre Holdings (Pte.) Limited	Singapore	Ordinary	S\$8,400,000	–	95	95	95	Property trading and share dealing
Orchard Place (Pte.) Limited	Singapore	Ordinary	S\$1,000,000	–	95	95	95	Property trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

49 PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2008 Directly %	2008 Indirectly %	2008 Total %	2007 Total %	
Orient Harvest International Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Pacific Elite Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing
Parason Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Share investment
Peace Success Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Perfect Sun Properties Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Pioneer Parking Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Carpark operation
Precious Land Pte. Limited	Singapore	Ordinary	S\$2	–	100	100	100	Property investment
Precious Quay Pte. Ltd.	Singapore	Ordinary	S\$10,000	–	100	100	100	Property development
Precious Treasure Pte Ltd	Singapore	Ordinary	S\$20,000,000	–	100	100	100	Hotel operation and property investment
Premium Living Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Premium living services
Pridegate (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Prime Harvest (Administration Services) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Consultant services provider
Prime Harvest Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Prime Reward Finance Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing
Primewin Properties Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Profit Falcon Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Financing
Profit Land Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Decoration services provider

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

49 PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2008 Directly %	2008 Indirectly %	2007 Total %	2007 Total %	
Pui Chee Enterprises Limited	Hong Kong	Ordinary	HK\$1,000,000	100	–	100	100	Share investment
Rainbow City Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Ramage Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Rankchief Company Limited	Hong Kong	Ordinary	HK\$200	–	100	100	100	Property trading
Real Maker Development Limited	Hong Kong	Ordinary	HK\$200,000	–	90	90	90	Property investment
Regent Profit Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Region One Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Residence Oasis Finance Company Limited	Hong Kong	Ordinary	HK\$2	–	60	60	60	Mortgage loan financing
Rich Tact International (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Richtune Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Share investment
Rickson Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Roystar Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Ruddiman Trading Company Limited	Hong Kong	Ordinary	HK\$100,000	–	100	100	100	Investment holding
Saky Investment (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

49 PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				Directly %	Indirectly %	Total %	2007 Total %	
Santander Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Serenity Park Building Management Limited	Hong Kong	Ordinary	HK\$10	–	100	100	100	Building management
Sharp Rise Company Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Shine Harvest International Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Sidak Investment Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property trading and investment
Silver Palm Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Silver Target Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
Sincere Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Property development
Sing-Ho Finance Company Limited	Hong Kong	Ordinary	HK\$30,000,000	–	100	100	100	Financing
Sino Administration Services Limited	Hong Kong	Ordinary	HK\$3	–	100	100	100	Administration services
Sino Estates Management Limited	Hong Kong	Ordinary	HK\$5,000,000	–	100	100	100	Building management
Sino Estates Services Limited	Hong Kong	Ordinary	HK\$20	–	100	100	100	Building management
Sino Land Company Limited (Listed in Hong Kong)	Hong Kong	Ordinary	HK\$4,878,702,770	23.34	27.3	50.64	52.68	Investment holding
Sino Land Finance Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Deposit placing
Sino Land (Chengdu) Company Limited (Note i)	PRC	Registered	HK\$31,220,000	–	100	100	N/A	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

49 PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2008 Directly %	2008 Indirectly %	2007 Total %	2007 Total %	
Sino Land (Chengdu) Jia Jing Real Estates Development Limited (Note i)	PRC	Registered	HK\$700,000,000	–	100	100	N/A	Property development
Sino Land (Chengdu) Wan Jing Real Estates Development Limited (Note i)	PRC	Registered	HK\$700,000,000	–	100	100	N/A	Property development
Sino Land (Fuzhou) Company Limited (Note i)	PRC	Registered	HK\$50,000,000	–	100	100	100	Property development
Sino Land (Guangzhou) Company Limited (Note i)	PRC	Registered	US\$3,200,000	–	100	100	100	Property trading and investment
Sino Land (Zhangzhou) Company Limited (Note i)	PRC	Registered	HK\$94,150,000	–	100	100	100	Property development
Sino Land Investment (Holdings) Ltd.	Cayman Islands/ Hong Kong	Ordinary	US\$6,000,000	–	100	100	100	Investment holding
Sino Security Services Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Security services
Spangle Investment Limited	Hong Kong	Ordinary	HK\$2	100	–	100	100	Share investment
Sparkling Investment Company Limited	Hong Kong	Ordinary	HK\$200	100	–	100	100	Share investment
Standard Union Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Share investment
Success One Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Success United Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Financing
Sunny Force Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

49 PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2008 Directly %	2008 Indirectly %	2007 Total %	2007 Total %	
Sunrise Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Super One Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Thousand Growth Development Limited	Hong Kong	Ordinary	HK\$20,000	–	100	100	100	Property investment
Timeshare Development (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Trans China Investment Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
Triple Reach International (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Triumph One Limited	Hong Kong	Ordinary	HK\$10,000	–	100	100	100	Property trading and investment
Union Development Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading
Union Harvest Investments Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Property development
Union Treasure Limited	Hong Kong	Ordinary	HK\$2	–	100	100	N/A	Financing
Vasilon Pte Ltd	Singapore	Ordinary	S\$2	–	100	100	100	Investment holding
Weiland Development Company Limited	Hong Kong	Ordinary	HK\$33,140,000	–	100	100	100	Property investment
Well Growth International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Investment holding
Wendia Limited	Hong Kong	Ordinary	HK\$20	–	100	100	100	Property investment
Wicorp Development Limited	Hong Kong/ PRC	Ordinary	HK\$2	–	100	100	100	Property trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

49 PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Class of shares held	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
				2008 Directly %	2008 Indirectly %	2007 Total %	2007 Total %	
Will Glory Company (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment
Win Harvest (HK) Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Wingreat International Limited	British Virgin Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Share investment
Wise Century Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property development
Wise Mate Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property trading and investment
World Ace Limited	Hong Kong	Ordinary	HK\$2	–	100	100	100	Property investment
World Empire Investment (CI) Limited	Cayman Islands/ Hong Kong	Ordinary	US\$1	–	100	100	100	Property investment

Notes:

(i) Chengdu Sino Land Company Limited, Sino Land (Chengdu) Jia Jing Real Estates Development Limited, Sino Land (Chengdu) Wan Jing Real Estates Development Limited, Sino Land (Fuzhou) Company Limited, Sino Land (Guangzhou) Company Limited and Sino Land (Zhangzhou) Company Limited are wholly foreign owned enterprises established in the PRC.

(ii) These companies were associates of the Group as at 30th June, 2007 and became subsidiaries upon the acquisition of additional interests by the Group during the current year as set out in Note 42 to the consolidated financial statements.

(iii) None of the subsidiaries had issued any debt securities at 30th June, 2008 and 2007.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

50. PRINCIPAL ASSOCIATES

The Directors are of the opinion that a complete list of all associates will be of excessive length and therefore the following list contains only the particulars of associates at 30th June, 2008 and 2007 which materially affect the results of the year or form a substantial portion of the net assets of the Group.

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

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2008 Total %	2007 Total %	
Ace Glory Limited	Hong Kong	Ordinary	25	25	Property development
Asian Success Investments Limited	Hong Kong	Ordinary	33.3	33.3	Property trading
Astoria Estate Management Company Limited	Hong Kong	Ordinary	50	50	Building management
Benefit Bright Limited (note 49(ii))	Hong Kong	Ordinary	N/A	42.5	Property trading and investment
Best Profit Limited	Hong Kong	Ordinary	50	50	Property development
Better Chief Limited	Hong Kong	Ordinary	50	50	Property investment
Beverhill Limited	Hong Kong	Ordinary	20	20	Property investment
Boatswain Enterprises Limited	Hong Kong	Ordinary	20	20	Property investment
Brisbane Trading Company Limited	Hong Kong	Ordinary and non-voting deferred	50	50	Property trading
Century Rise Limited	Hong Kong	Ordinary	50	50	Property development
Cheer City Properties Limited	Hong Kong	Ordinary	20	20	Property investment
Chongqing Champion Globe Limited	PRC	Registered	50	N/A	Property development
Chongqing Champion King Limited	PRC	Registered	50	N/A	Property development
Chongqing Sino Land Company Limited	PRC	Registered	50	N/A	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

50. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2008 Total %	2007 Total %	
C.H.K.C. Building Management Limited	Hong Kong	Ordinary	25	25	Building management
Cosmos Door Limited	Hong Kong	Ordinary	50	50	Property investment
Credit World Limited	Hong Kong	Ordinary	20	20	Property trading
Direct Win Development Limited	Hong Kong	Ordinary	33.3	33.3	Property trading
Dramstar Company Limited	Hong Kong	Ordinary	22	22	Property trading
Empire Funds Limited	Hong Kong	Ordinary	50	50	Property trading
Enterprico Investment Limited	Hong Kong	Ordinary	50	50	Loan financing
Eternal Honest Finance Company Limited	Hong Kong	Ordinary	50	50	Mortgage loan financing
Famous Empire Finance Limited	Hong Kong	Ordinary	40	40	Mortgage loan financing
Famous Empire Properties Limited	Hong Kong	Ordinary	40	40	Property trading and investment
Finedale Industries Limited	Hong Kong	Ordinary	33.3	33.3	Property investment
Full Raise International Limited	British Virgin Islands/ Hong Kong	Ordinary	25	25	Investment holding
Gloryland Limited	Hong Kong	Ordinary	33.3	33.3	Property investment
Golden Famous International Limited	Hong Kong	Ordinary	25	25	Property trading
Grace Sign Limited	Hong Kong	Ordinary	30	30	Property trading
Grand Palisades Finance Company Limited	Hong Kong	Ordinary	20	20	Mortgage loan financing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

50. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2008 Total %	2007 Total %	
Grand Rise Investments Limited	Hong Kong	Ordinary	50	N/A	Property investment
Greenroll Limited	Hong Kong	Ordinary	30	30	Hotel operation
Harvest Sun Limited (Note 49(ii))	Hong Kong	Ordinary	N/A	30	Property trading and investment
Hua Qing Holdings Pte Ltd	Singapore	Ordinary	23.5	23.5	Investment holding
Island Resort Estate Management Company Limited	Hong Kong	Ordinary	40	40	Building management
Jet Fame (Hong Kong) Limited	Hong Kong	Ordinary	50	N/A	Property investment
Lead Bright Finance Limited	Hong Kong	Ordinary	20	20	Mortgage loan financing
Lead Bright Limited	Hong Kong	Ordinary	20	20	Property trading
Million Success Limited	Hong Kong	Ordinary	25	25	Property investment
More Treasure Company Limited	Hong Kong	Ordinary	25	25	Property investment
Murdoch Investments Inc.	Republic of Panama/ Hong Kong	Ordinary	45	45	Property investment
Nimble Limited	British Virgin Islands/ Hong Kong	Ordinary	45	45	Investment holding
Olympian City 1 (Project Management) Limited (Note 49(ii))	Hong Kong	Ordinary	N/A	30	Project management
Olympian City 2 Finance Company Limited (Note 49(ii))	Hong Kong	Ordinary	N/A	50	Mortgage loan financing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

50. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2008 Total %	2007 Total %	
Olympian City 2 (Project Management Limited) (Note 49(ii))	Hong Kong	Ordinary	N/A	42.5	Project management
Pacific Bond Limited	Hong Kong	Ordinary	35	N/A	Property development
Prime Force Limited	Hong Kong	Ordinary	50	50	Property trading
Pui Hay Enterprises Limited	Hong Kong	Ordinary	50	50	Property trading
Rich Century Investment Limited	Hong Kong	Ordinary	50	50	Property investment
Silver Link Investment Limited	Hong Kong	Ordinary	40	40	Property trading and investment
Sino Parking Services Limited	Hong Kong	Ordinary	50	50	Carpark operation
Sino Real Estate Agency Limited	Hong Kong	Ordinary	50	50	Real estate agency
Tat Lee Construction Company Limited	Hong Kong	Ordinary	25	25	Building construction
Teamer International Limited	Hong Kong	Ordinary	35	N/A	Property development
Union Empire Limited	Hong Kong	Ordinary	50	50	Property development
Union King (Hong Kong) Limited	Hong Kong	Ordinary	45	45	Property development
Victory World Limited	Hong Kong	Ordinary	50	50	Property trading and investment
Wide Harvest Investment Limited	Hong Kong	Ordinary	25	25	Property investment
Win Chanford Enterprises Limited	Hong Kong	Ordinary	50	50	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 30th June, 2008

50. PRINCIPAL ASSOCIATES (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Class of shares held	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company		Principal activities
			2008 Total %	2007 Total %	
Wisekey Investment Limited	British Virgin Islands/ Hong Kong	Ordinary	50	50	Investment holding
深圳中海信和地產開發 有限公司	PRC	Registered	50	50	Property trading
中海信和(成都)物業發展 有限公司	PRC	Registered	20	20	Property development and trading

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30th June, 2008, Sino Land Company Limited (“Sino Land”) was 50.67% owned subsidiary of the Company. On a consolidated basis, the Company had a general disclosure obligation under Rule 13.22 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) with respect to the advances to, and guarantees given for the benefits of its affiliated companies by the Company (through Sino Land and/or its subsidiaries). In accordance with Rule 13.22 of the Listing Rules, the Company discloses the following statement of indebtedness, capital commitments and contingent liabilities reported on by the affiliated companies of Sino Land and/or its subsidiaries as at the end of the most recent financial period. This information has been extracted from the relevant audited financial statements of the affiliated companies.

	At 30th June, 2008 HK\$	At 30th June, 2007 HK\$
Sino Land’s share of total indebtedness of its affiliated companies		
Bank loans	8,171,329,718	6,692,137,173
Advances from the Group	11,744,542,777	10,495,368,071
	<u>19,915,872,495</u>	<u>17,187,505,244</u>
Sino Land’s share of commitments of land premium payable of its affiliated companies	<u>1,290,211,250</u>	–
Sino Land’s share of contingent liabilities of its affiliated companies	<u>46,359,000</u>	<u>131,021,000</u>

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

MAJOR PROPERTIES HELD BY THE GROUP

Dated at 30th June, 2008

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/own use							
HONG KONG							
1. No. 1 Chatham Path Mid-levels, Hong Kong	2072	50.64%	–	3,950	R	Completed	Existing
2. 15 Shek O Headland, Hong Kong	2047	50.64%	2,970	1,128	R	Completed	Existing
3. 20-24 Staunton Street Central, Hong Kong	2844	50.64%	3,313	11,190 4,195 <u>15,385</u>	R C	Completed	Existing
4. 148 Electric Road North Point, Hong Kong	2047	50.64%	13,160	99,963	C	Completed	Existing
5. Bayview Park 3 Hong Man Street, Chai Wan, Hong Kong	2047	50.64%	17,122	41,656	R	Completed	Existing
6. Central Plaza 18 Harbour Road, Wan Chai, Hong Kong	2047	5.064%	77,824	70,896	C	Completed	Existing
7. The Centrium 60 Wyndham Street, Central, Hong Kong	2047	35.45%	17,061	90,715	C	Completed	Existing
8. Conrad Hong Kong Pacific Place, 88 Queensway, Hong Kong	2047	15.19%	–	83,812	H	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2008

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/own use							
HONG KONG							
9. Harbour Centre Harbour Road & Fleming Road, Hong Kong	2128	8.46%	32,626	20,341	C	Completed	Existing
10. Hollywood Centre 233 Hollywood Road, Hong Kong	2128	25.32%	6,706	24,158	C	Completed	Existing
11. Island Resort Mall 28 Siu Sai Wan Road, Chai Wan, Hong Kong	2047	20.26%	275,470	38,322 27,144*	C P	Completed	Existing
				<u>65,466</u>			
							* 243 carparks
12. Marina House 68 Hing Man Street, Shau Kei Wan, Hong Kong	2047	50.64%	7,818	60,413	C	Completed	Existing
13. One Capital Place 18 Luard Road, Wan Chai, Hong Kong	2127	50.64%	5,315	37,192	C	Completed	Existing
14. Pacific Palisades 1 Braemar Hill Road, Hong Kong	2047	10.13%	165,550	47,374	R	Completed	Existing
15. Pacific Plaza 418 Des Voeux Road West, Hong Kong	2860	50.64%	9,450	83,283	C	Completed	Existing
16. 25/F United Centre Queensway, Hong Kong	2128	25.32%	–	5,178	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2008

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/own use							
KOWLOON							
17. No. 1 Hung To Road Kwun Tong, Kowloon	2047	16.86%	60,970	90,850	I	Completed	Existing
18. No.12,14,16 & 18 Hau Wong Road, Kowloon City, Kowloon	2047	50.64%	3,967	13,777 4,303 <u>18,080</u>	R C	Completed	Existing
19. The Astrid 180 Argyle Street, Kowloon	2047	50.64%	61,118	8,845	R	Completed	Existing
20. Cameron Plaza 23 Cameron Road, Tsim Sha Tsui, Kowloon	2038	50.64%	5,413	33,195	C	Completed	Existing
21. China Hong Kong City 33 Canton Road, Tsim Sha Tsui, Kowloon	2135	12.66%	165,334	182,017	C	Completed	Existing
22. Corporation Square 8 Lam Lok Street, Kowloon Bay, Kowloon	2047	50.64%	21,745	78,953	I	Completed	Existing
23. Fullerton Centre 19 Hung To Road, Kwun Tong, Kowloon	2047	50.64%	10,394	57,899	I	Completed	Existing
24. Futura Plaza 111-113 How Ming Street, Kwun Tong, Kowloon	2047	50.64%	18,783	114,141	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2008

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/own use							
KOWLOON							
25. Hong Kong Pacific Centre 28 Hankow Road, Tsim Sha Tsui, Kowloon	2039	50.64%	18,028	117,792	C	Completed	Existing
26. Kent Court 137 Boundary Street, Kowloon	2047	50.64%	–	1,556	R	Completed	Existing
27. Kwun Tong Harbour Plaza 182 Wai Yip Street, Kwun Tong, Kowloon	2047	50.64%	31,018	79,388 <u>100,651*</u> <u>180,039</u>	C P	Completed	Existing
* 240 car parks							
28. Kwun Tong Plaza 68 Hoi Yuen Road, Kwun Tong, Kowloon	2047	50.64%	25,995	477 <u>97,580*</u> <u>98,057</u>	C P	Completed	Existing
* 185 car parks							
29. Olympian City 1 Shopping Mall, 11 Hoi Fai Road, MTR Olympic Station, Kowloon	2047	Joint Venture	712,614	139,931 [†]	C	Completed	Existing
30. Olympian City 2 Shopping Mall, 18 Hoi Ting Road, MTR Olympic Station, Kowloon	2047	Joint Venture	708,577	511,287 [†]	C	Completed	Existing
31. Omega Plaza 32 Dundas Street, Kowloon	2047	50.64%	5,385	40,904	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2008

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/own use							
KOWLOON							
32. One Madison 305 Castle Peak Road, Kowloon	2047	50.64%	7,200	6,482	C	Completed	Existing
33. One New York 468 Castle Peak Road, Kowloon	2047	50.64%	6,448	4,872	C	Completed	Existing
34. One SilverSea 18 Hoi Fai Road, Kowloon	2052	50.64%	112,484	56,961	C	Completed	Existing
35. Parmanand House 51-52 Haiphong Road, Kowloon	2863	50.64%	1,800	9,137	C	Completed	Existing
36. Remington Centre 23 Hung To Road, Kwun Tong, Kowloon	2047	50.64%	10,370	57,782	I	Completed	Existing
37. Skyline Tower 39 Wang Kwong Road, Kowloon Bay, Kowloon	2047	25.32%	68,986	209,607	C	Completed	Existing
38. Sunshine Plaza Shopping Arcade, 17 Sung On Street, Hung Hom, Kowloon	2047	50.64%	26,598	29,820	C	Completed	Existing
39. Tsim Sha Tsui Centre Salisbury Road, Tsim Sha Tsui, Kowloon	2127	22.79%	42,835	117,135	C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2008

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/own use							
KOWLOON							
40. Westley Square 48 Hoi Yuen Road, Kwun Tong, Kowloon	2047	50.64%	21,110	120,618	I/O	Completed	Existing
41. Yau Tong Industrial City 17 Ko Fai Road, Yau Tong, Kowloon	2047	45.58%	100,580	235,287	I	Completed	Existing
NEW TERRITORIES							
42. Avon Park Shopping Mall, 15 Yat Ming Street, Fanling, New Territories	2047	50.64%	145,649	51,643	C	Completed	Existing
43. Citywalk 1 Yeung Uk Road, Tsuen Wan, New Territories	2052	Joint Venture	207,659	245,419 [†]	C	Completed	Existing
44. Golden Plaza 28 Shui Che Kwun Street, Yuen Long, New Territories	2047	50.64%	21,420	16,295 87,896* <u>104,191</u>	C P	Completed	Existing
				* 222 carparks			
45. Grand Regentville Shopping Arcade, 9 Wo Mun Street, Fanling, New Territories	2049	50.64%	131,448	36,188 75,095* <u>111,283</u>	C P	Completed	Existing
				* 210 carparks			
46. Mansfield Industrial Centre 19 Hong Yip Street, Tung Tau, Yuen Long, New Territories	2047	50.64%	52,582	56,339	I	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2008

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/own use							
NEW TERRITORIES							
47. Maritime Bay Shopping Mall, 18 Pui Shing Road, Tseung Kwan O, New Territories	2047	50.64%	64,261	29,025	C	Completed	Existing
48. Oceania Heights Shopping Mall, 2 Hoi Chu Road, Tuen Mun, New Territories	2052	50.64%	65,552	14,727	C	Completed	Existing
49. Parklane Centre 25 Kin Wing Street, Tuen Mun, New Territories	2047	50.64%	26,522	43,038 84,557* <u>127,595</u>	I P	Completed	Existing
							* 59 carparks
50. Ping Wui Centre 13-17 Ping Wui Street, Yuen Long, New Territories	2047	50.64%	20,376	10,331 87,742* <u>98,073</u>	C P	Completed	Existing
							* 228 carparks
51. Rosedale Gardens Shopping Arcade, 133 Castle Peak Road, Tuen Mun, New Territories	2047	50.64%	29,956	17,832	C	Completed	Existing
52. Shatin Galleria 18-24 Shan Mei Street, Fo Tan, Shatin, New Territories	2047	50.64%	38,234	136,119 47,445* <u>183,564</u>	C P	Completed	Existing
							* 136 carparks
53. Springdale Villas Shopping Arcade, 80 Ma Tin Road, Yuen Long, New Territories	2047	50.64%	45,273	20,088 44,108* <u>64,196</u>	C P	Completed	Existing
							* 132 carparks

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2008

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/own use							
NEW TERRITORIES							
54. Sunley Centre 9 Wing Yin Street, Tsuen Wan, New Territories	2047	50.64%	17,362	86,377	I	Completed	Existing
55. Tuen Mun Town Plaza, Phase I 1 Tuen Shun Street & 1 Tuen Shing Street, Tuen Mun, New Territories	2047	50.64%	262,715	432,239 79,674* <u>511,913</u>	C P	Completed	Existing
							* 266 carparks
56. The Waterside Shopping Mall, 15 On Chun Street, Ma On Shan, Shatin, New Territories	2047	20.26%	69,428	11,532	C	Completed	Existing
MAINLAND CHINA							
57. Greenfields Chuangye Road, Guangzhou Economic & Technology Development District, Guangzhou	2054	50.64%	53,131	7,561 6,513* <u>14,074</u>	C P	Completed	Existing
							* 26 carparks
58. Raffles City Shanghai Plot 105 A&B, 228 Xizang Road Central, Huangpu District, Shanghai	2044 2046	11.34%	163,624	152,500	C	Completed	Existing
OVERSEAS – SINGAPORE							
59. The Fullerton Hotel Singapore and One Fullerton 1 Fullerton Square and 1 Fullerton Road, Singapore	2096	50.64%	232,115	236,197 40,731 <u>276,928</u>	H C	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2008

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 held for sales							
HONG KONG							
1. Far East Finance Centre 16 Harcourt Road, Hong Kong	2130	9.67%	34,595	4,998	C	Completed	Existing
2. Island Resort 28 Siu Sai Wan Road, Chai Wan, Hong Kong	2047	20.26%	275,470	3,180	R	Completed	Existing
KOWLOON							
3. Chevalier Commercial Centre Wang Hoi Road, Kowloon Bay, Kowloon	2047	16.86%	44,350	6,162	C	Completed	Existing
4. Hewlett Centre 54 Hoi Yuen Road, Kwun Tong, Kowloon	2047	50.64%	38,000	7,646	I	Completed	Existing
5. Kowloon Plaza 485 Castle Peak Road, Cheung Sha Wan, Kowloon	2047	50.64%	19,375	13,015	I	Completed	Existing
6. Metro Centre 32 Lam Hing Street, Kowloon Bay, Kowloon	2047	50.64%	27,125	9,315	I	Completed	Existing
7. One Madison 305 Castle Peak Road, Kowloon	2047	50.64%	7,200	26,328	R	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2008

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 held for sales							
KOWLOON							
8. One New York 468 Castle Peak Road, Kowloon	2047	50.64%	6,448	12,241	R	Completed	Existing
9. One SilverSea 18 Hoi Fai Road, Kowloon	2052	50.64%	112,484	5,958	R	Completed	Existing
10. Pan Asia Centre 137 Wai Yip Street, Kwun Tong, Kowloon	2047	50.64%	5,760	33,682	I	Completed	Existing
11. Westin Centre 26 Hung To Road, Kwun Tong, Kowloon	2047	25.32%	17,280	52,451	I	Completed	Existing
NEW TERRITORIES							
12. Cambridge Plaza 188 San Wan Road, Sheung Shui, New Territories	2047	50.64%	–	88,295	I	Completed	Existing
13. Lincoln Centre 20 Yip Fung Street, Fanling, New Territories	2047	50.64%	21,163	30,963	I	Completed	Existing
14. Poly Centre 15 Yip Fung Street, Fanling, New Territories	2047	50.64%	18,191	5,282	I	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2008

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 held for sales							
NEW TERRITORIES							
15. Raleigh Centre 9 Yip Cheong Street, Fanling, New Territories	2047	50.64%	10,194	4,247	I	Completed	Existing
16. Sea Crest Terrace Mui Wo, Lantau Island, New Territories	2047	50.64%	7,976	405 3,797 <u>4,202</u>	R C	Completed	Existing
17. St. Andrews Place 38 Kam Chui Road, Beas Stable, Sheung Shui, New Territories	2050	50.64%	247,281	7,895	R	Completed	Existing
18. Technology Plaza 29-35 Sha Tsui Road, Tsuen Wan, New Territories	2047	50.64%	20,000	7,833	I	Completed	Existing
19. Vision City 1 Yeung Uk Road, Tsuen Wan, New Territories	2052	Joint Venture	207,659	43,290 [†]	R	Completed	Existing
MAINLAND CHINA							
20. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan	2074	10.13%	14,253,628	112,549	R	Completed	Existing

MAJOR PROPERTIES HELD BY THE GROUP *(Continued)*

Dated at 30th June, 2008

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
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Properties held for sales

OVERSEAS – SINGAPORE

21. Far East Shopping Centre 545 Orchard Road, Singapore	2870	95.0%	36,017	57,694	C	Completed	Existing
22. Orchard Plaza 150 Orchard Road, Singapore	2076	95.0%	44,455	32,886	C	Completed	Existing
23. Orchard Shopping Centre 321 Orchard Road, Singapore	Freehold	95.0%	12,409	18,550	C	Completed	Existing

Properties under development

HONG KONG

1. Two Five Six 256 Hennessy Road, Wan Chai, Hong Kong Hong Kong Inland Lot No. 2769	2127	50.64%	4,791	36,391	C	Superstructure works in progress	October 2008
2. 38 Repulse Bay Road, Hong Kong Rural Building Lot No. 380 (*)	2084	50.64%	16,176	6,144	R	Demolition works in progress	October 2010
3. 53 Conduit Road, Hong Kong The Remaining Portion of Inland Lot No. 2138 and Inland Lot No. 2613	2065	50.64%	25,090	30,597	R	Planning stage	October 2010
4. Aberdeen, Hong Kong Aberdeen Inland Lot. 451	2057	17.73%	68,922	114,051	R	Foundation works in progress	July 2012

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2008

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							
5. Exchange Tower 33 Wang Chiu Road, Kowloon Bay, Kowloon New Kowloon Inland Lot No. 6310	2055	50.64%	50,752	308,411	C	Superstructure works in progress	September 2008
6. Fuk Wing Street and Fuk Wa Street, Sham Shui Po – Project K26, Kowloon New Kowloon Inland Lot No. 6425	2054	Joint Venture	14,895	111,708 22,335 <u>134,043[†]</u>	R C	Superstructure works in progress	November 2008
7. Junction of Hoi Wang Road and Hoi Ting Road, Kowloon Kowloon Inland Lot No. 11167	2055	25.32%	66,510	109,461 16,840 <u>126,301</u>	R C	Superstructure works in progress	March 2010
8. Hoi Ting Road, Kowloon Kowloon Inland Lot No. 11168	2055	25.32%	79,621	131,038 20,160 <u>151,198</u>	R C	Superstructure works in progress	March 2010
9. 18 Wang Chiu Road, Kowloon Bay, Kowloon New Kowloon Inland Lot No. 5856 (*)	2047	25.32%	29,063	88,304	C	Foundation works in progress	June 2010
10. 270-274 Cheung Sha Wan Road, Kowloon Remaining portion of New Kowloon Inland Lot No. 1069	2047	50.64%	4,195	15,398 2,938 <u>18,336</u>	R C	Planning stage	July 2010
11. 1 Broadcast Drive, Kowloon Tong, Kowloon New Kowloon Inland Lot No. 6374	2056	50.64%	65,531	99,554	R	Foundation works in progress	March 2011
12. Junction of Hoi Wang Road, Yan Cheung Road and Yau Cheung Road, West Kowloon Reclamation Area, Kowloon Kowloon Inland Lot No. 11073	2057	22.79%	86,757	128,506 19,770 <u>148,276</u>	R C	Foundation works in progress	June 2011

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2008

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							
13. Baker Court, Hung Hom, Kowloon Kowloon Inland Lot No. 11181	2058	Joint Venture	2,982	22,357 4,467 <u>26,824[†]</u>	R C	Planning stage	June 2011
14. Beech Street / Ivy Street, West Kowloon, Kowloon Kowloon Inland Lot No. 11192	2058	Joint Venture	25,058	187,939 37,588 <u>225,527[†]</u>	R C	Planning stage	June 2012
NEW TERRITORIES							
15. Kwu Tung Sheung Shui, New Territories Lot No. 2596 in DD92	2054	50.64%	61,032	11,970	R	Superstructure works in progress	November 2008
16. Yeung Uk Road, Tsuen Wan, New Territories Tsuen Wan Town Lot No. 394	2054	Joint Venture	77,823	290,966 186,992 <u>477,958[†]</u>	R C	Superstructure works in progress	November 2008
17. The Palazzo Ho Tung Lau (site A), Fo Tan, Shatin, New Territories Shatin Town Lot No. 470	2053	Joint Venture	287,258	1,301,355 21,528 <u>1,322,883[†]</u>	R C	Superstructure works in progress	December 2008
18. MTR Wu Kai Sha Station Development Shatin, New Territories Shatin Town Lot No. 530	2055	Joint Venture	367,601	1,815,349 43,056 <u>1,858,405[†]</u>	R C	Superstructure works in progress	May 2009
19. Ma Wo Tai Po, New Territories Tai Po Town Lot No. 179	2055	50.64%	63,603	57,976	R	Superstructure works in progress	July 2009

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2008

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							
20. Pak Shek Kok Reclamation Phase I Site A, Tai Po, New Territories Tai Po Town Lot No. 187	2057	25.32%	107,941	81,992 <u>5,465</u> 87,457	R C	Foundation works in progress	January 2011
21. Pak Shek Kok Reclamation Phase I Site C, Tai Po, New Territories Tai Po Town Lot No. 188	2057	12.66%	214,225	94,923	R	Foundation works in progress	January 2011
22. Pak Shek Kok Reclamation Phase I Site B, Tai Po, New Territories Tai Po Town Lot No. 186	2057	17.73%	238,164	126,636	R	Foundation works in progress	January 2011
23. Cheung Sha Lantau Island Lot No. 245 in DD331	2057	50.64%	178,542	36,166	R	Ground investigation works completed	March 2011
MAINLAND CHINA							
24. Sino International Plaza Wu Xi Lu, Fuzhou	2059	50.64%	58,126	252,774	C	Superstructure completed	December 2008
25. Park Place East of Jia He Lu & South of Lian Hua Bei Lu, Xiamen Lot No. 89-C4	2069 2039	50.64%	44,118	59,865 <u>6,477</u> 66,342	R C	Superstructure works in progress	February 2009
26. Mandarin Garden West Side of Jia He Lu & North of Song Bai Zhong Lu, Xiamen Lot No. 89-C2	2061 2041	50.64%	33,188	59,240 <u>10,396</u> 69,636	R C	Foundation works in progress	January 2010
27. Chengdu International Community Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan	2074 2044	10.13%	14,253,628	535,011 73,041 <u>19,623</u> 627,675	R C H	Foundation works in progress	December 2010

MAJOR PROPERTIES HELD BY THE GROUP (Continued)

Dated at 30th June, 2008

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							
28. Central Park Jia He Lu, South-East Side of Lu Ling Lu, Xiamen Lot No. 90-C5, C6	2068 2046	50.64%	113,904	236,918 <u>22,896</u> 259,814	R C	Foundation works in progress	February 2011
29. 1 Zhong Xing Duan, Qiao Bei Cun, Hua Xin Street, Jiang Bei District, Chongqing	2058 2048	25.32%	2,206,725	2,452,900 <u>272,544</u> 2,725,444	R C	Planning stage	March 2012
30. Regency Park Hu Bin Bei Lu, Xiamen Lot No. 88-C5	2066 2046	50.64%	64,882	256,914	R	Planning stage	July 2012
31. West of Cheng Kun Railway, East of Sha He, South of Cheng Luo Road, North of Ying Hui Road, Cheng Hua District, Chengdu	2078 2048	50.64%	2,630,308	6,232,926 111,433 <u>294,476</u> 6,638,835	R C H	Planning stage	September 2012
32. Kaisawangchao at East, Zhanghua Lu at South, Donglinghao Lu at West & Zhangxiang Lu at North Zhangzhou, Fujian Province, 2004G12	2075 2045	50.64%	1,004,199	2,591,874 <u>98,115</u> 2,689,989	R C	Planning stage	December 2013
OVERSEAS – SINGAPORE							
33. Collyer Quay Singapore	2067	50.64%	287,437	13,627 <u>40,882</u> 54,509	C H	Foundation works in progress	July 2010

Note : C : Commercial
R : Residential
I : Industrial
I/O : Industrial/Office
H : Hotel
P : Multi-storey carpark
(*): Property under redevelopment
† : it represents the total approximate floor area of the property

Tsim Sha Tsui Properties Limited

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

I/We ^(Note 1) _____

of _____

being the registered holder(s) of ^(Note 2) _____

ordinary shares of HK\$0.20 each in the capital 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 13th day of November, 2008 at 10:00 a.m. or as soon as the annual general meeting of Sino Land Company Limited closes, whichever is the later, and at such Meeting (or at any adjournment thereof) and in the event of a poll to vote for me/us and in my/our name(s) as indicated below or if no such indication is given, as my/our proxy thinks fit.

	For ^(Note 4)	Against ^(Note 4)
1. To receive and consider the audited Financial Statements and the Directors' and Independent Auditor's Reports for the year ended 30th June, 2008.		
2. To declare a final dividend of HK\$0.3 per ordinary share with an option for scrip dividend.		
3. (i) To re-elect Mr. Adrian David Li Man-kiu as Director.		
(ii) To re-elect Mr. Steven Ong Kay Eng as Director.		
(iii) To re-elect Mr. Daryl Ng Win Kong as Director.		
(iv) To authorise the Board to fix the Directors' remuneration.		
4. To re-appoint Deloitte Touche Tohmatsu as Auditor for the ensuing year and to authorise the Board to fix their remuneration.		
5. (i) To approve share repurchase mandate (Ordinary Resolution on item 5(i) of Notice of Annual General Meeting).		
(ii) To approve share issue mandate (Ordinary Resolution on item 5(ii) of Notice of Annual General Meeting).		
(iii) To approve extension of share issue mandate (Ordinary Resolution on item 5(iii) of 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 of HK\$0.20 each registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the ordinary shares of the Company registered in your name(s).
3. If any proxy other than the Chairman of the Meeting is preferred, strike out the words "the Chairman of the Meeting or" herein inserted and insert the name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALLED BY THE PERSON WHO SIGNS IT.**
4. **IMPORTANT: IF YOU WISH TO VOTE FOR A RESOLUTION, TICK IN THE RELEVANT BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST A RESOLUTION, TICK IN THE RELEVANT BOX MARKED "AGAINST".** Failure to complete the boxes will entitle your proxy to cast his vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the Meeting other than those referred to in the Notice convening the Meeting.
5. This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of an officer or attorney duly authorised.
6. In order to be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the registered office of the Company, 12th Floor, Tsim Sha Tsui Centre, Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or adjourned Meeting (as the case may be).
7. In the case of joint holders, any one of such joint holders may vote at the Meeting, either personally or by proxy, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons whose name stands first on the register of members in respect of the relevant shares shall alone be entitled to vote in respect thereof.
8. The proxy need not be a member of the Company but must attend the Meeting in person to represent you.
9. Completion and deposit of the form of proxy will not preclude you from attending and voting at the Meeting if you so wish.
10. At the Annual General Meeting, the Chairman of the Meeting will exercise his power under Article 74 of the Company's Articles of Association to put each of the above resolutions to the vote by way of a poll. On a poll, every shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder.



