

ANNUAL REPORT 2021



STOCK CODE: 247

Grand Central

Creating Better Lifescapes

 TSIM SHA TSUI PROPERTIES LIMITED

This annual report (“Annual Report”) is available in both English and Chinese. Shareholders who have received either the English or the Chinese version of the Annual Report may request a copy in the language different from that has been received by writing to the Company’s Share Registrar, Tricor Friendly Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

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

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

Shareholders may at any time choose to change their choice of language and means of receipt (i.e. in printed form or by electronic means through the Company’s website) of all future Corporate Communications from the Company by giving notice in writing by post to the Company’s Share Registrar, Tricor Friendly Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email at tst247-ecom@hk.tricorglobal.com.

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Corporate information

Board of Directors

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

(# Non-Executive Director)

(* Independent Non-Executive Directors)

Audit Committee

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

Nomination Committee

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

Remuneration Committee

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

Authorized Representatives

Robert Ng Chee Siong
Daryl Ng Win Kong, SBS, JP

Company Secretary

Fanny Cheng Siu King

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Solicitors

Woo, Kwan, Lee & Lo
Clifford Chance

Share Registrar

Tricor Friendly Limited
Level 54, Hopewell Centre,
183 Queen's Road East,
Hong Kong
Telephone : (852) 2980 1333
Fax : (852) 2861 1465
Email : tst247-ecom@hk.tricorglobal.com

Principal Bankers

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
DBS Bank Ltd., Hong Kong Branch
Industrial and Commercial Bank of China (Asia) Limited
Standard Chartered Bank (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited
Bangkok Bank Public Company Limited
The Bank of East Asia, Limited

Investor relations contact

Telephone : (852) 2132 8480
Fax : (852) 2137 5907
Email : investorrelations@sino.com

Registered Office

12th Floor, Tsim Sha Tsui Centre,
Salisbury Road, Tsim Sha Tsui,
Kowloon, Hong Kong
Telephone : (852) 2721 8388
Fax : (852) 2723 5901
Website : www.sino.com
Email : info@sino.com

Listing information

Stock code 247

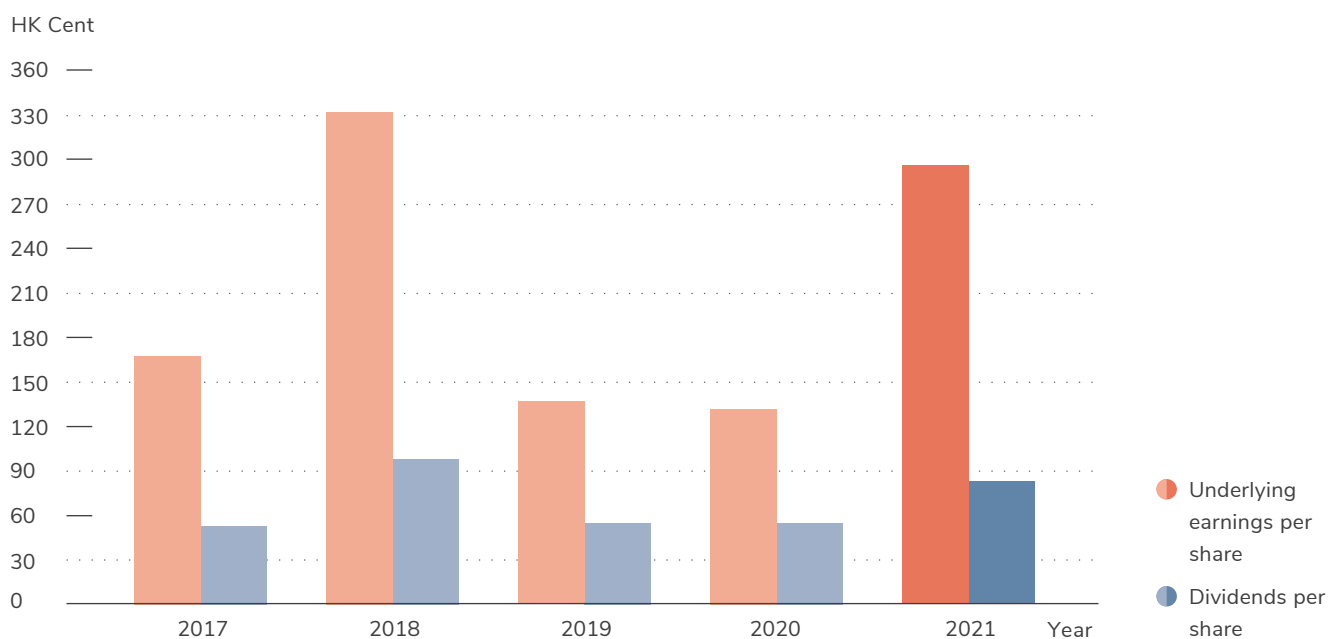
Shareholders' calendar

Closure of Register of Members for entitlement to attend and vote at Annual General Meeting	22nd October, 2021 to 27th October, 2021 (both dates inclusive)
Annual General Meeting	27th October, 2021
Closure of Register of Members for dividend entitlement	2nd November, 2021 to 3rd November, 2021 (both dates inclusive)
Record Date for final dividend and special dividend entitlement	3rd November, 2021
Last Day for lodging forms of election for scrip dividends	25th November, 2021 4:30 p.m.
Interim Dividend Paid	HK14 cents per share 21st April, 2021
Final Dividend Special Dividend Payable	HK41 cents per share HK28 cents per share 7th December, 2021

Group financial summary

	2017 HK\$	2018 HK\$	2019 HK\$	2020 HK\$	2021 HK\$
Turnover	<u>18,386,482,899</u>	<u>10,780,571,217</u>	<u>8,060,213,837</u>	<u>5,934,504,668</u>	<u>24,585,151,818</u>
Underlying net profit from operations	<u>2,889,125,183</u>	<u>5,884,235,351</u>	<u>2,508,693,897</u>	<u>2,471,844,783</u>	<u>5,671,648,057</u>
Profit attributable to the Company's shareholders	<u>3,848,282,418</u>	<u>7,328,005,075</u>	<u>3,714,769,199</u>	<u>901,781,260</u>	<u>5,304,883,959</u>
Underlying earnings per share (cents)	167.53	332.71	136.96	132.11	296.55
Reported earnings per share (cents)	223.15	414.35	202.80	48.20	277.37
Dividends per share (cents)					
Interim dividend	13	13	14	14	14
Final dividend	40	40	41	41	41
Special dividend	–	45	–	–	28
	<u>53</u>	<u>98</u>	<u>55</u>	<u>55</u>	<u>83</u>

Underlying earnings & dividends per share



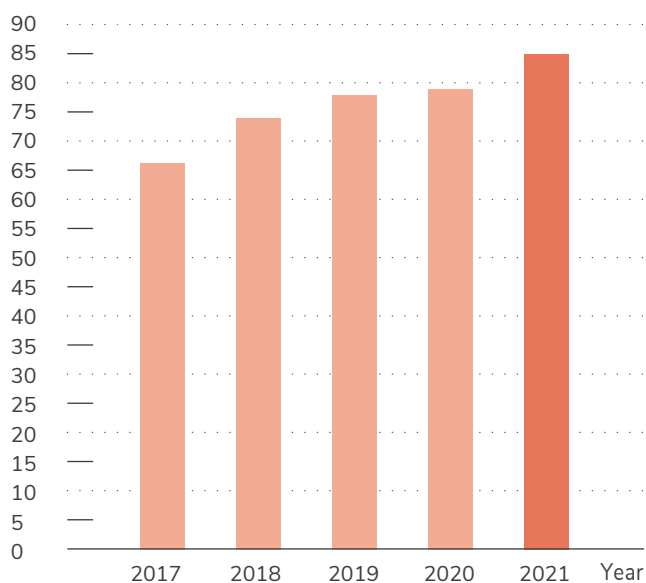
Group financial summary (Continued)

Consolidated statement of financial position

	2017 HK\$	2018 HK\$	2019 HK\$	2020 HK\$	2021 HK\$
Non-current assets	95,098,241,924	106,642,412,401	106,983,178,886	107,109,780,881	107,683,895,041
Current assets	61,224,607,351	53,488,487,781	74,805,386,609	80,668,495,460	74,979,764,015
Current liabilities	(20,250,266,384)	(12,314,350,603)	(25,570,680,509)	(32,507,391,927)	(18,036,134,312)
	<u>136,072,582,891</u>	<u>147,816,549,579</u>	<u>156,217,884,986</u>	<u>155,270,884,414</u>	<u>164,627,524,744</u>
Share capital	10,588,811,638	12,308,150,098	13,285,452,664	14,302,286,718	15,341,990,386
Reserves	<u>55,762,416,688</u>	<u>61,738,785,895</u>	<u>64,551,971,946</u>	<u>64,580,746,144</u>	<u>69,724,442,659</u>
Shareholders' funds	66,351,228,326	74,046,935,993	77,837,424,610	78,883,032,862	85,066,433,045
Non-controlling interests	62,460,742,601	65,907,528,744	67,840,852,670	66,389,970,003	71,251,794,731
Non-current liabilities	<u>7,260,611,964</u>	<u>7,862,084,842</u>	<u>10,539,607,706</u>	<u>9,997,881,549</u>	<u>8,309,296,968</u>
	<u>136,072,582,891</u>	<u>147,816,549,579</u>	<u>156,217,884,986</u>	<u>155,270,884,414</u>	<u>164,627,524,744</u>
Shareholders' funds at book value per share	<u>38.02</u>	<u>40.82</u>	<u>42.04</u>	<u>41.68</u>	<u>43.95</u>

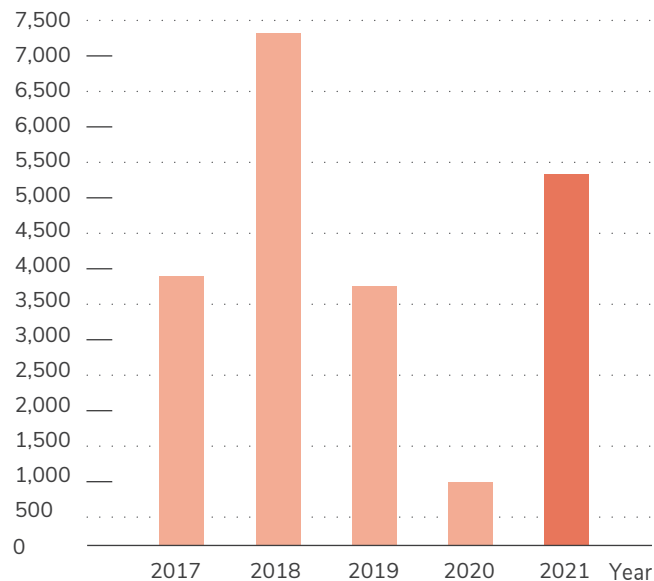
Shareholders' funds

HK\$ Billion



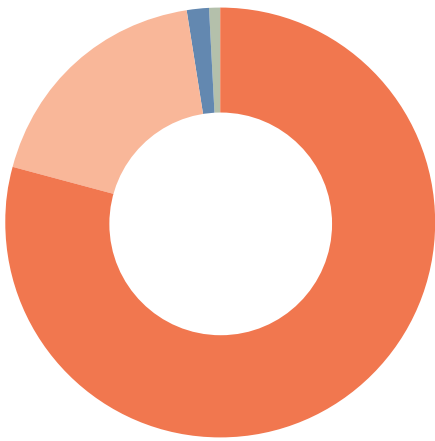
Profit attributable to the Company's shareholders

HK\$ Million



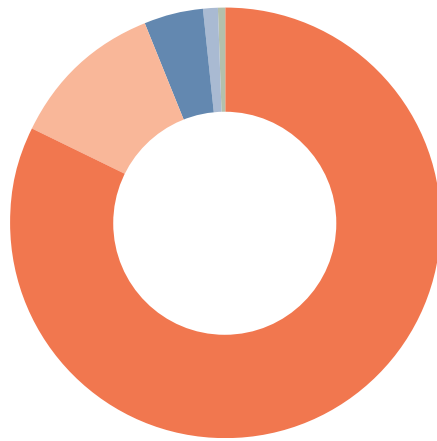
The Company and its subsidiaries (the “Group”)

Breakdown of segment results
for the year ended 30th June, 2021



- Property sales **79.4%**
- Property rental **18.3%**
- Property management and other services **1.8%**
- Hotel operations **(0.2)%**
- Investments in securities and financing **0.7%**

Breakdown of segment revenue
for the year ended 30th June, 2021

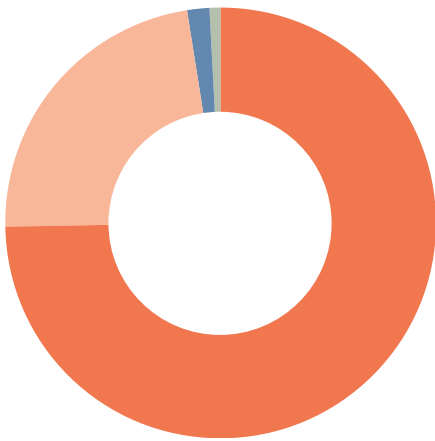


- Property sales **82.3%**
- Property rental **11.6%**
- Property management and other services **4.7%**
- Hotel operations **1.1%**
- Investments in securities and financing **0.3%**

Group financial summary (Continued)

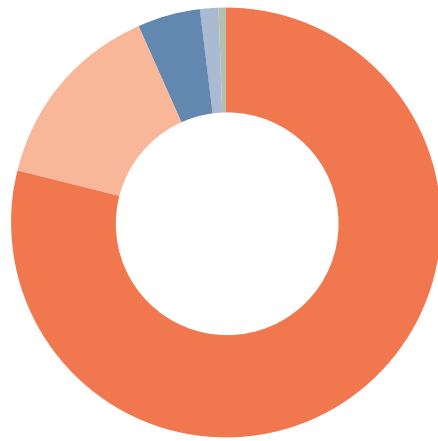
The Group and attributable share from associates and joint ventures

Breakdown of segment results
for the year ended 30th June, 2021



- Property sales **75.2%**
- Property rental **22.8%**
- Property management and other services **1.8%**
- Hotel operations **(0.5)%**
- Investments in securities and financing **0.7%**

Breakdown of segment revenue
for the year ended 30th June, 2021



- Property sales **79.0%**
- Property rental **14.4%**
- Property management and other services **4.9%**
- Hotel operations **1.4%**
- Investments in securities and financing **0.3%**

I am pleased to present 2020/2021 Annual Report to the shareholders.

Final results

The Group's underlying profit attributable to shareholders, excluding the effect of fair-value changes on investment properties for the year ended 30th June, 2021 ("Financial Year") was HK\$5,671.6 million (2019/2020: HK\$2,471.8 million), an increase of 129.4% when compared with last financial year. Underlying earnings per share was HK\$2.96 (2019/2020: HK\$1.32).

After taking into account the revaluation loss (net of deferred taxation) on investment properties of HK\$351.9 million (2019/2020: revaluation loss of HK\$1,386.4 million), which is a non-cash item, the Group reported a net profit attributable to shareholders of HK\$5,304.8 million for Financial Year (2019/2020: HK\$901.7 million), an increase of 488.2% when compared with last financial year. Earnings per share for the Financial Year was HK\$2.77 (2019/2020: HK\$0.48).

Final dividend and special dividend

The Directors have resolved to recommend a final dividend of HK41 cents per share in respect of the Financial Year.

In view of the good increase in profit, the Directors have resolved to recommend a special dividend to shareholders of HK28 cents per share in respect of the Financial Year which will be payable together with the final dividend.

The final dividend and the special dividend will be payable to shareholders whose names appear on the Register of Members of the Company on 3rd November, 2021. Together with the interim dividend of HK14 cents per share paid on 21st April, 2021, the total dividend for the Financial Year is HK83 cents per share.

The Directors propose that shareholders be given the option to receive the final dividend and the special dividend in new shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the proposed final dividend and special dividend at the Annual General Meeting to be held on 27th October, 2021; 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 detail of the scrip dividend proposal will be dispatched to shareholders together with the form of election for scrip dividend on or about 10th November, 2021. It is expected that the final dividend warrants and share certificates for the scrip dividend will be dispatched to shareholders on or about 7th December, 2021.

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 2021, Tsim Sha Tsui Properties Limited had 55.19% interest in Sino Land. Therefore, for discussion purposes, the focus here will be on the operations of Sino Land.

(1) Sales activities

For the Financial Year, property sales at subsidiary level recognised by Sino Land amounted to HK\$20,223.9 million compared to HK\$863.9 million last year. The year-on-year increase was primarily due to the booking of property sales at subsidiary level this Financial Year, which comprise mainly the sales of residential units in Grand Central in Kwun Tong, whereas there was no new completion of property took place at subsidiary level in the last financial year.

In addition to Grand Central, property sales at subsidiary level for this Financial Year included 1) the sales of residential units in other projects completed during the Financial Year namely Madison Park in Cheung Sha Wan (100% sold), Dynasty Park Phase III in Zhangzhou (78.1% sold), and 133 Portofino in Sai Kung (66.7% sold), as well as 2) the sales of remaining stocks of residential units and carparking spaces in projects completed in previous financial years including The Mediterranean in Sai Kung (97.0% sold), Park Mediterranean in Sai Kung (100% sold), and Park Summit in West Kowloon (99.8% sold).

Including property sales of associates and joint ventures recognised by Sino Land, the total revenue from property sales attributable to Sino Land for the Financial Year was HK\$20,403.3 million compared to HK\$2,372.7 million last financial year. Property sales of Sino Land's associates and joint ventures for the Financial Year comprise mainly the sales of residential units and carparking spaces in The Palazzo in Chengdu (40.9% sold), Marinella in Wong Chuk Hang (100% sold) and The Hermitage in West Kowloon (99.9% sold).

During the Financial Year, Sino Land obtained pre-sale consent for four new residential projects in Hong Kong. Certain units of St. George's Mansions at 24A Kadoorie Avenue in Ho Man Tin were launched for sale by way of tender earlier this Financial Year. The other three projects launched for sale during the Financial Year were Silversands in Ma On Shan (58.1% sold), Grand Victoria in South West Kowloon (30.9% sold) and ONE SOHO in Mong Kok (48.1% sold).

Looking ahead, Sino Land has an exciting pipeline of new projects to be launched. Subsequent to the Financial Year end, Sino Land already obtained pre-sale consent for La Marina, The Southside in Wong Chuk Hang. Sino Land expects to obtain pre-sale consents for three other residential projects in the financial year 2021/2022 and these projects are IL9064 Peel Street in Central, Kam Sheung Road Station Package One Property Development in Yuen Long, and LOHAS Park Package Eleven Property Development in Tseung Kwan O. The timing for launching these projects for sale will depend on when the pre-sale consents are received and the prevailing market conditions.

(2) Land bank

As at 30th June, 2021, Sino Land had a land bank of approximately 20.8 million square feet of attributable floor area in Mainland China, Hong Kong, Singapore and Sydney which comprises a balanced portfolio of properties of which 43.0% is commercial; 32.4% residential; 11.3% industrial; 7.5% car parks and 5.8% hotels. In terms of breakdown of the land bank by status, 7.9 million square feet were properties under development, 11.9 million square feet of properties for investment and hotels, together with 1.0 million square feet of properties held for sale. This land bank should be sufficient to meet Sino Land's development needs over the next few years. Sino Land will continue to be selective in replenishing its land bank to optimise its earnings potential.

Review of operations (Continued)

(2) Land bank (Continued)

During the Financial Year, Sino Land secured the right to develop a residential project, LOHAS Park Package Thirteen Property Development, from MTR Corporation Limited with attributable floor area of approximately 386,681 square feet. Details of the project are as follows:

Location	Usage	Group's Interest	Attributable Floor Area (Square feet)
LOHAS Park Package Thirteen Property Development Tseung Kwan O, New Territories, Hong Kong	Residential	Joint Venture	386,681

(3) Property development

During the Financial Year, Sino Land obtained Certificate of Compliance for the following three projects in Hong Kong. Details of the projects are as follows:

Location	Usage	Group's Interest	Attributable Floor Area (Square feet)
1. Grand Central 33 Hip Wo Street, Kwun Tong (South), Kowloon, Hong Kong	Residential	Joint Venture	1,346,383
2. Madison Park 1 Kowloon Road, Cheung Sha Wan, Kowloon, Hong Kong	Residential/ Retail	Joint Venture	52,571
3. 133 Portofino 133 Hong Kin Road, Sai Kung, New Territories, Hong Kong	Residential	100%	51,592
			1,450,546

Chairman's statement (Continued)

Review of operations (Continued)

(3) Property development (Continued)

In Mainland China, Sino Land completed four out of seven blocks of Dynasty Park Phase III in Zhangzhou during the Financial Year. Details of the project are as follows:

Location	Usage	Group's Interest	Attributable Floor Area (Square feet)
Dynasty Park Phase III Blocks 8, 9, 12 and 13 No. 298 Tengfei Road, Xiangcheng District, Zhangzhou, Fujian Province, People's Republic of China	Residential/ Commercial	100%	748,209

Sino Land obtained Occupation Permit for the following project in Hong Kong during the Financial Year. Details of the project are as follows:

Location	Usage	Group's Interest	Attributable Floor Area (Square feet)
The Fullerton Ocean Park Hotel Hong Kong Tai Shue Wan, Hong Kong	Hotel	Joint Venture	262,020

Subsequent to the Financial Year end, Sino Land obtained Certificate of Compliance for the following project in Hong Kong. Details of the project is as follows:

Location	Usage	Group's Interest	Attributable Floor Area (Square feet)
Mayfair By The Sea 8 1 Fo Yin Road, Pak Shek Kok (East), New Territories, Hong Kong	Residential	100%	412,530

Review of operations (Continued)

(4) Rental activities

For the Financial Year, Sino Land's gross rental revenue, including attributable share from associates and joint ventures and excluding minority interest, was HK\$3,664.6 million (2019/2020: HK\$4,061.9 million), representing a decrease of 9.8% year-on-year. The net rental income was HK\$3,216.5 million (2019/2020: HK\$3,599.8 million), a decrease of 10.6% when compared with last year. The decline in rental income was mainly due to impact of the COVID-19 pandemic, including a decrease in occupancy rate, negative rental reversion rates and rental relief granted to selected tenants, while maintaining marketing and promotion expenses to drive footfall and boost tenants' sales.

Overall occupancy of Sino Land's investment property portfolio was 89.8% for the Financial Year (2019/2020: 94.8%), a decrease of 5.0 percentage points when compared with last year. Amongst the different sectors, retail was the most impacted with its occupancy rate declined by 5.6 percentage points to 90.4% (2019/2020: 96.0%), while occupancy rate for the office and industrial portfolios were 91.0% (2019/2020: 95.2%) and 86.3% (2019/2020: 90.3%), respectively.

During the Financial Year, Hong Kong continued to experience intermittent waves of resurgence in COVID-19 infections. Sino Land's tenants were affected to varying degrees by the social distancing measures and continued travel restrictions imposed by the government. During this challenging time, Sino Land has worked closely with its tenants to help them weather through this difficult time. In addition to providing rental relief to selected tenants, Sino Land has made continuous efforts to leverage its 'S+ REWARDS' digital loyalty programme to drive footfall and promote consumption by customers. Spending reward initiatives as well as online and offline promotion and marketing campaigns were launched to enhance customers' shopping experience and to boost tenants' businesses. Furthermore, Sino Land's management has taken the opportunity to refine tenant mix of our flagship shopping malls to enhance customers' shopping experience.

As at 30th June, 2021, Sino Land has approximately 11.9 million square feet of attributable floor area of investment properties and hotels in Mainland China, Hong Kong, Singapore and Sydney. Of this portfolio, commercial developments (retail and office) account for 61.7%, industrial 14.7%, car parks 13.2%, hotels 7.6%, and residential 2.8%.

(5) Hotels

Cross-border travel restrictions and social distancing measures continued to weigh heavily on the performance of Sino Land's hotels. For the Financial Year, Sino Land's hotel revenue, including attributable share from associates and joint ventures, was HK\$350.8 million compared to HK\$811.3 million last year, and the corresponding operating loss was HK\$69.1 million as compared to the operating profit of HK\$192.6 million last year. A meaningful recovery will be dependent on the easing of travel restrictions and resumption of international travel.

Sino Land's management is mindful of the challenges and is actively planning and rolling out initiatives to reduce the impact. Our colleagues have been diligent in finding new source of business, such as introducing a variety of promotion packages to target the business of local leisure customers for staycation, as well as launching campaigns targeted towards customers for long-stay. Operationally, ensuring the health, wellbeing and safety of our colleagues amid the pandemic continues to be Sino Land's top priority. Sino Land has put in place strict sanitisation and hygiene protocol to ensure guests returning to stay or dine with us will have complete peace of mind. Moreover, Sino Land remained focused on making efficiency improvements in areas such as shared resources and operational efficiency, as well as to improve the quality of hotel services to ensure our discerning guests have enjoyable experiences during their stays in the hotels.

As at 30th June, 2021, Sino Land's portfolio of hotels comprises The Fullerton Hotel Singapore, The Fullerton Bay Hotel Singapore, Conrad Hong Kong, The Fullerton Hotel Sydney and The Olympian Hong Kong.

Review of operations (Continued)

(6) Mainland China business

While countries around the world are working hard to flatten the COVID-19 curve, China's swift and decisive responses to bring COVID-19 under control has given it a head start in the recovery. Underpinned by strong economic growth, the residential market in China remains resilient during the Financial Year. As stated in China's 14th Five-year Plan, the country aims to maintain stable and healthy development of the real estate market. In that respect, the government introduced the 'three red lines' rule complemented by a threshold on lending to the property sector by banks. These measures are intended to ensure better alignment of residential supply with the pace of urbanisation and economic growth, and to support a healthy and stable property market in the long run. Sino Land remains positive about the outlook for the mainland property market over the medium-to-long term.

As at 30th June, 2021, Sino Land has approximately 4.8 million attributable square feet of land bank in Mainland China. Of the total, approximately 3.7 million square feet are projects under development and the remaining are mainly investment properties. There are four key projects under development, out of which two are in Qianhai in the Greater Bay Area, including a 50% interest in a serviced apartment project and 30% interest in a commercial development site. The other two projects are the 100% interest in Dynasty Park Phase III and IV in Zhangzhou, and 20% interest in The Palazzo in Chengdu.

Other than the matters mentioned above, there has been no material change from the information published in the report and accounts for the year ended 30th June, 2020.

Finance

The Group's financial position remains strong. As at 30th June, 2021, the Group had cash and bank deposits of HK\$44,202.7 million. After netting off total borrowings of HK\$6,604.8 million, the Group had net cash of HK\$37,597.9 million as at 30th June, 2021. Of the total borrowings, 43.0% repayable within one year, 41.8% repayable between one and two years and the remaining between three and five years. Majority of the Group's borrowings are subject to floating interest rates. Total assets and shareholders' funds of the Group were HK\$182,663.6 million and HK\$85,066.4 million, respectively. Net book value of the Group was HK\$43.95 per share as at 30th June, 2021 (HK\$41.68 per share as at 30th June, 2020).

As at 30th June, 2021, the majority of the Group's debts are denominated in Hong Kong dollars. Other than the above-mentioned, there was no material change in foreign currency borrowings and the capital structure of the Group for the Financial Year. The majority of the Group's cash are denominated in Hong Kong dollars with a portion in Renminbi, Australian dollars and US dollars. The Group has maintained a sound financial management policy and foreign exchange exposure has been prudently kept at a minimal level.

Corporate governance

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

Customer service

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

Sustainability

Sino Land is committed to 'Creating Better Lifescapes' and strives to integrate sustainability into every aspect of its operations through three interconnected areas, namely Green Living, Innovative Design and Community Spirit. Sino Land also takes corporate governance, integrity and business ethics to heart, as they are the cornerstones of its efforts to create long-term value for stakeholders. Sino Land's annual sustainability report highlights the corporate sustainability footprints and initiatives, and has been prepared in accordance with Hong Kong Exchanges and Clearing Limited's 'Environmental, Social and Governance Reporting Guide' under Appendix 27 to the Main Board Listing Rules.

Sino Land has been named a constituent company of the Hang Seng Corporate Sustainability Index Series since September 2012. In 2020, Sino Land made a constituent member of the Hang Seng ESG 50 Index, and for the second consecutive year, been among the top ten of the Hong Kong and Greater Bay Area Business Sustainability Indexes in 2021. Sino Land also received ratings in the MSCI ESG Indexes, the Global Real Estate Sustainability Benchmark, Carbon Disclosure Project, and Sustainalytics. Sino Land has also received the 'ESG Leader (Platinum Award)' and the 'Outstanding ESG Company (Diamond Award)' voted

for by fund managers, and received the 'Outstanding ESG Performance in Governance' award at the ESG Achievement Awards 2020 organised by the Institute of ESG & Benchmark, supported by the Hang Seng Indexes Company Limited and the Hong Kong Quality Assurance Agency.

Sino Land announced its Sustainability Vision 2030, setting a clear direction for sustainability to be embraced across Sino Land's cross-functional operations. The Sustainability Vision 2030 highlighted three key strategies including the reduction of carbon emission and single-use plastics, renewable energy generation as well as redefining our property developments to focus on green living and wellness. Kingdom Investment Limited, a wholly-owned subsidiary of Sino Land also converted a five-year HK\$1 billion loan signed with Bank of China (Hong Kong) in April 2020 to a sustainability-linked loan, marking Sino Land's first financing arrangement directly linked to its sustainability targets. The proceeds will be used for funding sustainability- and ESG-related initiatives as part of the Sustainability Vision 2030.

As we strive to mitigate climate change through decarbonisation, Sino Land has become one of the first five real estate developers in Asia to join the global pledge to support the Business Ambition for 1.5°C, a campaign calling on businesses to drive climate change mitigation. Sino Land will collaborate with the Hong Kong University of Science and Technology to set science-based targets and develop a holistic approach towards net zero carbon by 2050.

Farm Together, the integrated green community project launched in March 2020 to promote the concept of sustainability and biodiversity to the community, has been further expanded to include seven farms in Hong Kong and one in Singapore, spanning over 27,000 sq. ft. The project has been offering a range of community workshops, programmes and tours in collaboration with green partners and NGOs to the public.

Sustainability (Continued)

Committed to promoting sustainable living and green development, Sino Land is taking a major step towards driving the digitisation of the property development industry through the adoption of Enertainers, an advanced energy storage system, to power future construction sites in replacement of traditional diesel generators. The built environment has a profound impact on health and well-being. Further to 133 Portofino being the first Hong Kong residential project accredited by WELL v2™, St. George's Mansions and Landmark South have also received WELL v2™ pre-certification. Tsim Sha Tsui Centre has also received Platinum rating in the BEAM Plus Existing Building v2.0 Comprehensive Scheme by the Hong Kong Green Building Council.

Sino Land seeks to foster a culture of innovation to harness technology and explore business applications. PropXTech, the corporate innovation programme jointly launched with Ping An Smart City and designed to foster and develop promising technology companies in the Greater Bay Area for innovative real estate industry solutions, has selected 10 start-ups from around 300 submissions from 42 countries and cities to enter the 'Acceleration Phase'.

As we strive to innovate and inspire, the award-winning City Air Purification System 2.0, jointly developed by Sino Inno Lab and Arup, was put on display for the public to have a first-hand experience of its novel filtration and sanitisation technologies. Sinovation, the group-wide competition, was launched in June 2019 to encourage innovative ideas and turn them into functional prototypes. The CoolJet and Mobile Indoor Air Quality (IAQ) Robot from Sinovation, were presented Gold Medals at the 2021 Special Edition of the Geneva International Exhibition of Inventions.

To support the community, Sino Land joined hands with the Hong Kong Innovation Foundation to support children from less-resourced families through the 'One Laptop Programme'. Over 1,000 laptops were donated to Primary 4 to Secondary 3 students from less-resourced families. Sino Land also joined the Ng Teng Fong Charitable Foundation in launching a six-month meal box donation programme, which distributed over 60,000 hot nutritious meal boxes to individuals and families in need. Over HK\$10 million has also been donated to 100 NGOs and the winners of the 8th Spirit of Hong Kong Awards, in appreciation of their committed efforts to support the less-resourced in the community.

Sino Land hosted Sino Group Career Day in May 2021 at the Hong Kong Convention and Exhibition Centre and attracted over 3,000 fresh graduates, tertiary students, and talents keen on tapping the real estate, hotel, and property management industries, and related businesses. Around 1,000 career opportunities were offered across various businesses, including Sustainability and Community Affairs, The Fullerton Ocean Park Hotel, Property Management as well as over 150 internship and Management Trainee opportunities.

Time Loop, an art piece designed by internationally acclaimed British designer Paul Cockledge, has been installed at the entrance of Yue Man Square as a gift from the Group to the Kwun Tong community. Sino Land and the Ng Teng Fong Charitable Foundation, supported by the Consulate-General of the Republic of Singapore in Hong Kong, jointly presented the exhibition 'Photographs from the 1950s: Marjorie Doggett's Singapore, Lee Fook Chee's Hong Kong', the 'time capsule' exhibition at Sino Plaza, that aimed to showcase the parallel timeline of the 1950s in Hong Kong and Singapore. A roving exhibit was also brought to the community at The Pottinger Hong Kong, Lee Tung Avenue, Royal Pacific Hotel, Citywalk and Olympian City.

Prospects

The financial year 2020/2021 was a year of unprecedented challenges brought about by the outbreak of COVID-19, and governments around the world have been working hard to fight against the pandemic with tangible progress. Vaccines were developed in record time, and vaccinations have been playing a key and most important role in resumption of normal ways of life in our society. It is encouraging to see that sentiment about vaccine adoption is improving and vaccination is on the rise. While the uncertainty associated with a resurgence in COVID-19 infections continue to exist, with massive inoculation programmes rolling out around the world and supportive measures by central banks coming into effect, there is optimism in global recovery.

For China, this year marks the centennial anniversary of the founding of the Communist Party of China (the 'CCP'). Under the leadership of the CCP, the nation continued to prosper and has consistently broken new grounds. Thanks to the Central Government's swift containment of the pandemic in early 2020, China led the world in economic recovery. Moreover, China is forging ahead with visionary policy initiatives such as the Greater Bay Area development and the Belt and Road program, which are expected to add impetus to the growth of the country. In March 2021, the National People's Congress adopted the 14th Five-Year Plan (2021-2025) (the Plan). The Plan focuses on high-quality growth, transforming and upgrading the economy through innovation and adopting new development model of dual circulation. The Plan also embrace the 'One Country, Two Systems' principle and continues to support Hong Kong to enhance its status

as an international financial, transportation and trade centre connecting Mainland China with the world. Hong Kong is well positioned to benefit from the continuous growth of Mainland China and the anticipated recovery in global economic prospects.

Supported by a solid rebound in Mainland China, Hong Kong's economy is recovering and gathering pace. Despite the volatile local epidemic situation and the corresponding economic disruption, the residential market in Hong Kong remains resilient and fundamentally sound. Interest rates are likely to stay at a low level for a period of time, this together with the steady demand and favourable mortgage terms, are lending support to the Hong Kong residential market. We remain cautiously optimistic on the outlook of the property market in Hong Kong.

The challenges we faced in the past year has been a crucial learning experience for our organisation. COVID-19 is reshaping consumer behavior and it will have lasting effect on how people live, work, play and learn. To meet these challenges, it is more important than ever to remain customer centric. Within our Group, we must adopt a new mindset and remain flexible, nimble and agile so that we can respond more swiftly to changing customer needs and market developments. We are also exploring new technologies and customer-centric engagement, including innovative CRM programmes, to create digitally enabled services for our residents, tenants as well as shoppers to improve their experiences. Meanwhile, the Group will continue to optimise earnings, enhance efficiency and productivity, and to work to offer top quality products and deliver the best possible services to our customers. This is how customers will give us their trust, and it is essential in enhancing our brand and shareholders' value.

Chairman's statement (Continued)

Prospects (Continued)

Looking ahead, Sino Land's management shall maintain a policy of selectively and continuously replenishing its land bank. Its strong financial position will enable Sino Land to acquire land with good development value when opportunities arise. In terms of property sales, Sino Land has an exciting pipeline of projects to be launched, although the timing will depend on when the pre-sale consents are obtained and the prevailing market conditions. These projects will include La Marina, The Southside in Wong Chuk Hang, IL9064 Peel Street in Central, Kam Sheung Road Station Package One Property Development in Yuen Long, and LOHAS Park Station Package Eleven Property Development in Tseung Kwan O. With respect to recurrent businesses of Sino Land, which comprise property leasing, hospitality, and property management services, they will continue to be core pillars of Sino Land contributing a good and steady stream of income. In addition, management recognised the importance of applying commercially viable technology in business operations to expedite our work. Sino Land will stay abreast with the latest digitalisation developments to enhance business development and operational efficiency.

This year marks the 50th anniversary of the founding of Sino Group in Hong Kong. Our strong commitment to the city and Mainland China remains robust and we are committed to promote positivity in the community as we grow with it. While there continues to be challenges ahead, there is reason for optimism as the pandemic recedes. With our strong financial position and sustainable business growth strategy, the Group is well placed to meet the challenging economic environment and to grasp opportunities.

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, 26th August, 2021

This Sustainable Development Section highlights the Group's performance in sustainability for the financial year ended 30th June, 2021 and focuses on the activities of the Company's major listed subsidiary, Sino Land Company Limited ('Sino Land'), as the operations under Sino Land represent a substantial portion of the operations of the Group. Further details of the Group's environmental, social and governance ('ESG') strategies and performance are included in the standalone Sustainability Report for the financial year ended 30th June, 2021, which has been prepared in accordance with the 'Core' option of the Global Reporting Initiative (GRI) Sustainability Reporting Standards as well as the requirements of the ESG Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Sustainability Report also makes reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Ten Principles of the United Nations ('UN') Global Compact. It will be made available on our corporate website at www.sino.com under Sustainability Reports of the Sustainability section.

At Sino, sustainability is integral to what we do as we seek to create long-term value for customers, employees, business partners, shareholders, investors and the broader community, and make every aspect of our operations a driver of sustainability for a better future. From architectural planning to green property management, from exploring green innovations to serving the community, we take a holistic approach and contribute to a sustainable built environment.

We collaborate with like-minded partners – colleagues, residents, tenants, business associates and the broader community – on our sustainability journey. This is encapsulated in our ethos of 'Creating Better Lifescapes' – to build a better life together, where the community thrives in harmony by embracing green living and

wellness, creating inspiring spaces through innovative design, while nurturing a sense of community. From the broader cityscapes to individual lives, we are shaping the city we call home whether in work, life or play. Our sustainability efforts focus on three pillars, as consolidated from the previous six pillars, namely Green Living, Innovative Design and Community Spirit. These three pillars shape and guide how we plan, design, work and deliver products and services.

Sustainability governance is an important element in driving sustainability strategies. The Board of Directors of the Company ('Board') oversees the management and reporting of the overall ESG strategies of the Group through regular updates from the Environmental, Social and Governance Steering Committee ('ESG Steering Committee'). The ESG Steering Committee, which comprises Executive Director and key executives from different business units, supports the Board in overseeing and steering the planning and execution of the Group's sustainability programmes. It also provides overall stewardship, formulates direction, strategies, policies and goals, in addition to facilitating execution of plans and activities.

We continue to make strides on our sustainability journey. In May 2021, Sino Land joined the Business Ambition for 1.5°C, the campaign led by Science Based Targets initiative in partnership with the UN Global Compact and We Mean Business Coalition, calling on businesses to set science-based targets and develop approach towards net zero carbon by 2050. Sino Land is among the first five real estate developers in Asia to join this global pledge. The participation reaffirms our commitment in achieving net zero emissions and creating a more sustainable future.

Sustainable development (Continued)

In 2020, we announced our Sustainability Vision 2030, an important blueprint which sets a clear direction for sustainability to be embraced across the Group for 2030. Details of our Sustainability Vision 2030 and our achievements during the financial year can be found in our Sustainability Report. We have aligned our sustainability strategies with 15 UN Sustainable Development Goals. Sino Land is a Signatory to the UN Global Compact and is committed to implementing environmental, social and ethical practices, and have undertaken to report progress to promote responsible business practices.

In June 2021, Sino Land converted a five-year HK\$1 billion loan signed with Bank of China (Hong Kong) Limited in April 2020 to a sustainability-linked loan, marking our first financing arrangement directly linked to sustainability performance targets in key areas of focus, including greenhouse gas ('GHG') emissions reduction, renewable energy, single-use plastic reduction, green building certification and improving the well-being of less-resourced families.

Sustainability performance for the financial year ended 30th June, 2021

Governance

- Secured the first HK\$1 billion sustainability-linked loan from Bank of China (Hong Kong) Limited
- Launched the Sino Sustainability Academy to promote sustainability awareness among employees. Recorded a total of 1,740 sustainability learning hours
- Recorded no corruption case

Green Living

Green

- Joined the global pledge of the Business Ambition for 1.5°C to strive for net zero by 2050
- Achieved a reduction of 26.94% GHG emissions from 2012 level, equivalent to planting 962,840 trees
- Installed more than 800 EV charging stations in properties developed/managed by the Group to support decarbonisation

Wellness

- Extended paid maternity leave entitlement from 14 to 18 weeks
- Offered about 1,000 job opportunities at Career Day to young talents
- Launched Diversity & Inclusion Month in mid-April 2021 to promote workplace inclusion
- Recorded an average of 13 training hours per employee

Sustainability performance for the financial year ended 30th June, 2021

(Continued)

Innovative Design

Design

- 76% of our property projects under development have obtained BEAM Plus provisional ratings
- Six of our property projects under development have obtained WELL™ pre-certification and one received Gold rating
- Sino Estates Management Limited is one of the first property management companies in the Greater Bay Area to receive the ISO Facility Management System accreditation

Innovation

- Launched 'PropXTech' innovation programme to nurture start-ups and drive PropTech innovation in the Greater Bay Area
- Showcased the award-winning City Air Purification System 2.0

Community Spirit

Heritage & Culture

- Organised the 'Photographs from the 1950s: Marjorie Doggett's Singapore, Lee Fook Chee's Hong Kong' exhibition from 1st April, 2021 to 30th May, 2021 to showcase portraits of Singapore and Hong Kong during the defining 1950s
- Completed remediation of The Fullerton Hotel Sydney's facade

Community

- Sino Caring Friends performed over 182,000 volunteer service hours in Hong Kong
- Launched meal box donation programme in Hong Kong in April 2021 to donate over 60,000 meal boxes to the less-resourced families and individuals
- Supported over 1,000 children from less-resourced families through 'One Laptop' programme

Green Living

Green

The Group is committed to integrating sustainability into all aspects of business and operations, and making built environment more environmentally friendly through careful architectural planning, energy-saving and green management initiatives.

Climate resilience, energy and emissions

The Group has set the target of reducing GHG emissions by 30% by 2030 from 2012 level. As at 30th June, 2021, a reduction of 26.94% GHG emissions was recorded, equivalent to planting 962,840 trees.

Under our Climate Change Policy, the Group is committed to combating climate change by adopting appropriate measures and best practices that are conducive for mitigating climate change risks. We have also established Energy Policy, which outlines our commitment to managing energy consumption and adopting energy-efficient technologies. Since September 2019, we have adopted IoT technology, AI analysis and digitalisation in properties managed by the Group to enhance energy efficiency and reduce energy consumption. Twelve buildings managed by the Group commenced applying smart building solutions during the 2020/2021 financial year.

To support the use of renewable energy, we have installed renewable energy features such as photovoltaic panels and wind turbines in our managed properties, and utilised smart monitoring platforms to optimise performance. Over 2,300 photovoltaic panels have been installed at properties under the Group's management in Hong Kong. In Grand Central, the Group's latest development project in Kwun Tong, an array of smart facilities has been adopted to promote the use of renewable energy, such as wind turbines that power lighting, solar panels that harvest energy for phone charging, as well as paving and fitness exercise equipment that can generate energy from people's motions.

Committed to promoting sustainable development and green living, the Group is taking a major step towards driving the digitalisation of the property development industry through the adoption of Enertainers, an advanced energy storage system, to power construction sites in replacement of traditional diesel generators.

To support green transport and the HKSAR Government's Hong Kong Roadmap on Popularisation of Electric Vehicles, the Group has installed more than 800 EV charging stations in properties developed/managed by the Group.

Supplier environmental performance

The Group's Sustainable Procurement Policy and Contractor/Supplier Code of Conduct outline our requirements on procurement practices and environmental performance of contractors and suppliers, who should observe the Group's core values and comply with applicable environmental codes, laws and regulations in the places where they operate, and ensure that they obtain and maintain all necessary environmental permits and registrations to conduct their business. Contractors and suppliers are assessed regularly through compliance checks to ensure their adherence to ethically, socially and environmentally responsible practices and that they share the same values with the Group.

Farm Together

Farm Together, the integrated green community project launched in March 2020 to promote sustainability and biodiversity, has been further expanded to include seven farms in Hong Kong and one in Singapore, spanning over 27,000 square feet. The project also offers a range of community workshops, programmes and tours in collaboration with green partners and non-governmental organisations to the public.

Green Living (Continued)

Wellness

Upholding our vision 'to make Sino the preferred choice for customers, investors and employees', we value every connection with our stakeholders and deliver excellent products and services to our customers. We strive to safeguard and enhance the wellness of our employees and community.

Employees

The Group places great emphasis on the well-being and safety of our employees, and strives to create a safe, fair and inclusive workplace.

Sixteen of our managed sites are certified under the ISO 45001 Occupational Health and Safety Management System standard. Since 2008, 6,716 staff members have completed the Mandatory Basic Safety Training Course (Construction Work) and 620 staff members have completed the Safety Training Course for Competent Persons of Confined Spaces Operation.

Employee development is the key to drive sustainable growth of the Group. A wide spectrum of internal and external training opportunities is provided to our employees to equip them with professional knowledge and essential skills. During the financial year, approximately 123,000 training hours were recorded with an average of 13 training hours per employee. Going forward, we target to increase training hours per employee by 50% by 2025, and 100% by 2030 from 2019 level.

The Group hosted Career Day in May 2021 at the Hong Kong Convention and Exhibition Centre and attracted over 3,000 fresh graduates, tertiary students, and talents who are keen on tapping the real estate, hotel, or property management industries, and related businesses. Around 1,000 career opportunities were offered across various businesses, including sustainability and community affairs, The Fullerton Ocean Park Hotel, property management as well as over 150 internship and management trainee opportunities.

To facilitate better internal communication and employee experience, the Group launched inSino and Sino iLearn, the dedicated staff mobile apps, to allow easy access to e-learning programmes and the latest corporate information including announcements, management messages, staff discounts, annual leave and medical benefit balance as well as a library of useful reference.

Other initiatives to support staff's wellness include Diversity & Inclusion Month, Mental Health Month, health and well-being programme and counselling services for colleagues and their family members.

Customers, tenants and partners

Upholding our core value of 'Customers First', the Group strives to achieve service and product excellence by thoroughly understanding the needs of customers, making every effort to address their feedback. We collect their feedback through communication channels such as annual customer satisfaction survey and daily personal contact. Customers are invited to provide feedback on our services and facilities, including those related to our management, clubhouse, cleanliness and security services. We received ISO 10002 certification, the international standard for customer satisfaction, which provides guidelines for handling customer feedback in a more effective and efficient manner. During the financial year, we achieved a customer satisfaction rating of 3.72 out of 4 in Hong Kong.

Different initiatives and technologies have been harnessed in our projects to enhance customers' experience amid COVID-19. Highlights include:

- introducing UV sanitisation robots to perform deep sanitisation by emitting UV light;
- using natural plant-based sanitisers in disinfecting fogging service to protect the well-being of customers and the environment; and
- setting up a Special Disinfection Unit comprising experienced frontline staff with more than 100 hours of specialised training to provide round-the-clock professional sanitisation services.

Innovative Design

Design

The Group recognises the importance of incorporating sustainability into project design, construction process and management to protect the environment, improve climate resilience and enhance the wellness of residents, tenants and the community.

Our Sustainable Building Guidelines provide a comprehensive framework for integrating sustainability development principles into building design and throughout the lifecycle. We seek to promote sustainable living in our properties, taking into account the health and well-being of our stakeholders, and incorporate energy-efficient and water-efficient features to mitigate environmental impacts. During the financial year, 76% of our property projects under development have obtained BEAM Plus provisional ratings, six of our property projects under development have obtained WELL™ pre-certification and one received Gold rating.

Headquarters office of Sino Estates Management Limited and its managed property Skyline Tower obtained ISO 41001:2018 Facility Management System standard, becoming one of the first property management companies in the Greater Bay Area to receive the ISO Facility Management System accreditation.

Commemorating the Group's 50th anniversary and saluting to the transformation of Kwun Tong over the last half century, the Group presented a permanent site-specific art piece, Time Loop, to the community. Incorporating sustainably sourced timber, the iconic art piece was installed at the entrance of Yue Man Square (YM²).

Innovation

The Group holds the firm belief that innovation and technology are key to developing a diversified, sustainable and resilient economy while enhancing Hong Kong's competitiveness. The Group sets a goal of achieving ISO 27001 Information Security Management certification by 2025, and has engaged an independent

consultant to conduct cybersecurity assessment, and review systems and infrastructure. Regular training on cybersecurity is also arranged.

To create a culture of innovation and encourage employees to embrace innovation and technology, a group-wide programme, 'Sinovation', was launched in June 2019. Staff members at all levels are encouraged to share ideas to enhance efficiency and customer service, with shortlisted ideas receiving support needed to realise their ideas. The programme, for the second year running, attracted more than 90 ideas and seven have been shortlisted for further exploration. Shortlisted applicants will undergo a series of 'Learn & Grow' programmes, which allow them to brainstorm with Innovation Department and meet with companies with relevant technology that can help them further develop their ideas. Technical sharing sessions in IoT, AI, robotics and presentation skills, as well as meet-the-innovator sessions with other start-ups, will also be arranged.

The 2019 champion project CoolJet, a jacket fitted with cooling and ventilation device, and a finalist project called the Mobile Indoor Air Quality ('IAQ') Robot, a self-navigating robot equipped with indoor air quality sensors with a proprietary dashboard and management system for continuous indoor air quality monitoring, received Gold Medals at the 2021 Special Edition of the Geneva International Exhibition of Inventions. A trial batch of CoolJet is being produced and a pilot run of the Mobile IAQ Robot is being conducted.

The Group and Ping An Smart City jointly launched 'PropXTech', a corporate innovation programme designed to foster and develop promising technology companies in the dynamic Greater Bay Area and to create innovative solutions for the region's growing real estate industry. Ten start-ups have been selected from nearly 300 submissions from 42 countries and cities to join the programme.

As we strive to innovate and inspire, the award-winning City Air Purification System 2.0, jointly developed by Sino Inno Lab and Arup, was put on display for the public to have a first-hand experience of its novel filtration and sanitisation technologies.

Community Spirit

Heritage & Culture

The Group appreciates the importance of cultural heritage to a community's identity and sense of belonging. The Group is also committed to enriching communities through supporting arts and culture and promoting built heritage conservation and revitalisation.

The Group and the Ng Teng Fong Charitable Foundation, supported by the Consulate-General of the Republic of Singapore in Hong Kong, jointly presented the exhibition 'Photographs from the 1950s: Marjorie Doggett's Singapore, Lee Fook Chee's Hong Kong', the 'time capsule' exhibition at Sino Plaza, that aimed to showcase the parallel timelines of the 1950s in Hong Kong and Singapore. The exhibition was also accompanied by a series of free curatorial and educational tours for visitors and schools.

A roving exhibition was brought to the community at The Pottinger Hong Kong, Lee Tung Avenue, Royal Pacific Hotel, Citywalk and Olympian City.

Sydney's former General Post Office, home to The Fullerton Hotel Sydney, has been meticulously restored after two years of extensive restoration process. The iconic landmark is adorned with intricate stonework and carvings, which have been carefully cleaned using a chemical-free process undertaken in a series of stages. Carried out by highly trained specialists who used steam, water and scrubbing brushes to remove accumulated layers of dirt, the objective of the project was to preserve the building's integrity and historic significance by returning the surface of the sandstone to its natural patina.

Community

As a committed corporate citizen, the Group believes in supporting people in need and building a better community together. To achieve these goals, we continually engage our stakeholders, collaborate with charitable organisations and non-governmental organisations, and encourage our staff to participate in a wide range of volunteer services and community programmes. Since 2008, Sino Caring Friends, the corporate volunteering team, has developed strong bonds with the community and supported less-resourced families in various districts of Hong Kong.

The Group joined the Ng Teng Fong Charitable Foundation in launching a six-month meal box donation programme in April 2021 to distribute over 60,000 hot nutritious meal boxes to individuals and families in need in Hong Kong.

During the financial year, Sino Caring Friends organised over 490 activities, participated by over 1,070 volunteers, to serve over 17,900 less-resourced elderly, children, youth and families in Hong Kong, recording over 182,000 volunteer services hours. Sino Land received the 'Highest Service Hour Award 2019 (Private Organisations – Category 1) – Honour' at the Social Welfare Department 2020 Hong Kong Volunteer Award, in recognition of our commitment to promoting corporate volunteering culture.

To support the community, the Group joined hands with the Hong Kong Innovation Foundation to support children from less-resourced families through the 'One Laptop' programme. Over 1,000 laptops have been donated to primary 4 to secondary 3 students from less-resourced families.

Corporate governance report

The Board of Directors (“Board”) is committed to providing effective management and sound control of the Company for maximizing the shareholders’ value. The corporate governance principles of the Company emphasize the attainment and maintenance of a high standard of corporate governance practices and procedures, a quality board, sound internal control, and high transparency and accountability to the shareholders. The Company has adopted its own Corporate Governance Code and has complied with all code provisions as set out in Appendix 14 (“Code”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), save as disclosed in this report. The corporate governance practices of the Company in compliance with the Code during the financial year ended 30th June, 2021 with explanation of the deviation are set out in this report.

Corporate governance practices

Directors

Corporate governance principle

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

Board composition

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

Corporate governance practices

(Continued)

Directors (Continued)

Division of responsibilities

The Board, led by the Chairman, is responsible for the Company's future development directions, overall strategies and policies, evaluation of the financial performance of the Company and approval of matters that are of a material or substantial nature, including adequacy of systems of financial, risk management and internal control and conduct of business in conformity with applicable laws and regulations. The Executive Directors, constituting the senior management of the Company, are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control and delegation framework of the Company. The Board gives clear directions as to the matters that must be approved by the Board before decisions are made on behalf of the Company. The implementation of strategies and policies of the Board and the operations of each business unit are overseen and monitored by designated responsible Executive Directors. The Board has found that the current arrangement has worked effectively in enabling it to discharge its responsibilities satisfactorily. The types of decisions to be delegated by the Board to the management include implementation of the strategy and direction determined by the Board, operation of the business of the Company and its subsidiaries ("Group"), preparation of financial statements and operating budgets, and compliance with applicable laws and regulations.

The Chairman ensures that the Board works effectively to discharge its responsibilities in the best interests of the Company, and, to establish good corporate governance practices and procedures. He also ensures that all key and appropriate issues are discussed by the Board in a timely manner and all Directors are encouraged to make a full and active contribution to the board's affairs. Directors with different views are encouraged to voice their concerns. They are allowed sufficient time for discussion of issues so as to ensure that board decisions fairly reflect board consensus. A culture of openness and debate is promoted to facilitate the effective contribution of Non-Executive Directors and ensure constructive relations between Executive and Non-Executive Directors. During the year, the Chairman held a meeting in December 2020 with the Independent Non-Executive Directors without the presence of other directors in compliance with the applicable code provision of the Code.

There is no separation of the roles of the chairman and the chief executive in the Company. The Chairman of the Board provides leadership to the Board and undertakes both roles of chairman and chief executive. The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. In addition, the three Independent Non-Executive Directors have contributed valuable views and proposals for the board's deliberation and decisions. The Board reviews the management structure regularly to ensure that it continues to meet these objectives and is in line with the industry practices.

Corporate governance practices

(Continued)

Directors (Continued)

Division of responsibilities (Continued)

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

The Non-Executive Directors, including Independent Non-Executive Directors, provide the Company with diverse skills, expertise and varied backgrounds and qualifications. They participate in board/board committee (including Audit Committee, Nomination Committee and Remuneration Committee) meetings to bring independent views, advice and judgment on important issues relating to the Company's strategy, policy, financial performance, and take the lead on matters where potential conflicts of interests arise. They also attend annual general meetings of the Company to understand the view of shareholders. They make a positive contribution to the development of the Company's strategy and policy through independent, constructive and informed comments.

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

Directors' and officers' liabilities insurance

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

Board meetings and supply of and access to information

The Board holds at least four regular meetings a year, which are normally scheduled in advance in the fourth quarter of the preceding year. During the financial year ended 30th June, 2021, the Board had held four meetings. The attendance records of the Directors to these board meetings are set out below:

Directors	Meeting(s) attended/held
<i>Executive Directors</i>	
Mr. Robert Ng Chee Siong (<i>Chairman</i>)	2/4
Mr. Daryl Ng Win Kong (<i>Deputy Chairman</i>)	4/4
<i>Non-Executive Director</i>	
The Honourable Ronald Joseph Arculli	4/4
<i>Independent Non-Executive Directors</i>	
Dr. Allan Zeman	4/4
Mr. Adrian David Li Man-kiu	4/4
Mr. Steven Ong Kay Eng	4/4

Corporate governance practices

(Continued)

Directors (Continued)

Board meetings and supply of and access to information (Continued)

Notice incorporating the agenda for each regular board meeting or board committee meeting is given to all Directors or board committee members at least 14 days in advance, and, all Directors or board committee members are given the opportunity to include matters for discussion in the agenda. All Directors/board committee members are entitled to have access to board/board committee papers and related materials in sufficient details to enable them to make informed decisions on matters to be placed before the board/board committee meetings. Meeting papers are normally sent to all Directors or board committee members at least 5 days in advance of every regular board meeting or board committee meeting.

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

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

All Directors are entitled to have access to timely information in relation to the Company's business and make further enquiries or retain independent professional advisors where necessary. The management provides all relevant explanation and information to the Board so as to give the Board the information it needs to discharge its responsibilities. During the year under review, the management provided all members of the Board with the relevant updates of major business operations giving a balanced and understandable assessment of the Company's performance, position and prospects.

Directors' appointment, re-election and removal

All Non-Executive Directors have entered into letters of appointment with the Company for a specific term of three years. The Company's Articles of Association provide that each Director is subject to retirement from office by rotation and re-election once every three years and that one-third (or the number nearest to one-third) of the Directors shall retire from office every year at the annual general meeting. New appointment to the Board is subject to re-election at the next following annual general meeting. In addition, the appointment of an Independent Non-Executive Director who has served on the Board for more than nine years will be subject to a separate resolution to be approved by shareholders. The Board will provide in the circular accompanying the annual report sent to shareholders the reason why the Board considers the Independent Non-Executive Director is still independent and its recommendation to shareholders to vote in favour of the re-election of such Independent Non-Executive Director.

Corporate governance practices

(Continued)

Directors (Continued)

Directors' appointment, re-election and removal (Continued)

The Directors who are subject to retirement and re-election at the 2021 annual general meeting are set out on page 49 of this Annual Report.

The Board is empowered under the Company's Articles of Association and is collectively responsible to appoint any person as a Director either to fill a casual vacancy or as an additional board member. Only the most suitable candidate who is experienced, competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be selected as Director.

Confirmation of independence

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

Directors' training and professional development

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

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

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

Notes:

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

Corporate governance practices

(Continued)

Remuneration of directors and senior management

Emolument policy

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

Remuneration Committee

The Company established its Remuneration Committee with written terms of reference on 23rd June, 2005. The current written terms of reference are available at the Company's website www.sino.com and the Stock Exchange's website.

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. In arriving at its recommendations, the Committee consults the Chairman of the Board and takes into consideration factors including salaries paid by comparable companies, employment

conditions elsewhere in the Group, and desirability of performance-based remuneration. The Committee makes recommendations to the Board relating to the remuneration package of individual Executive Directors and senior management, and it also makes recommendations to the Board on the remuneration of Non-Executive Directors. The Committee meets at least once a year and is provided with sufficient resources enabling it to discharge its duties.

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

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

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

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

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

* *Independent Non-Executive Director*

Details of Directors' emoluments for the year are set out in Note 12 to the consolidated financial statements.

Corporate governance practices

(Continued)

Nomination of directors and senior management

Nomination policy

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

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

Board diversity policy

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

The Board as a whole is responsible for reviewing the structure, size and composition of the Board with due regard to the intended benefits of board diversity. The balance between the number of Executive and Non-Executive Directors is considered effective in ensuring independent judgment being exercised effectively to provide sufficient checks and balances to safeguard the interests of the Company and its shareholders. The Company believes that the current Board composition is well-balanced and of a diverse mix appropriate for the business of the Company. The Board reviews and monitors the implementation of board diversity on a regular basis to ensure its effectiveness on determining the optimal composition of the Board.

Corporate governance practices (Continued)

Nomination of directors and senior management (Continued)

Nomination Committee

The Company established its Nomination Committee with written terms of reference on 20th February, 2012. The current written terms of reference are available at the Company's website www.sino.com and the Stock Exchange's website.

The Nomination Committee reports to the Board and holds regular meeting to assist the Board in discharging its responsibility in reviewing the structure, size and composition of the Board with reference to the Board Diversity Policy of the Company. The Committee makes recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Its duties include making recommendations to the Board on the selection of individuals nominated for directorships, the appointment or re-appointment of Directors and succession planning for Directors, and regularly reviewing the time required from a Director to perform his responsibilities. The Committee is also responsible for assessing the independence of Independent Non-Executive Directors and reviewing their annual confirmations on independence. The Committee meets at least once a year and is provided with sufficient resources enabling it to discharge its duties.

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

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

- reviewed the structure, size and composition of the Board and recommended the re-appointment of the retiring Directors;
- assessed the independence of Independent Non-Executive Directors and their annual confirmations on independence; and
- reviewed time commitment of Directors.

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

Committee members	Meeting(s) attended/held
Mr. Robert Ng Chee Siong <i>(Committee Chairman)</i>	0/1
Dr. Allan Zeman*	1/1
Mr. Adrian David Li Man-kiu*	1/1

* Independent Non-Executive Director

Corporate governance practices

(Continued)

Accountability and audit

Directors' responsibilities for financial statements

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

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

The auditor is responsible for auditing and reporting its opinion on the financial statements of the Company and the independent auditor's report for the financial year ended 30th June, 2021 is set out in the section entitled "Independent Auditor's Report" of this Annual Report.

Risk management and internal control

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

Effective risk management is important to the Company's achievement of its strategic goals. To this end, the Company adopts an Enterprise Risk Management ("ERM") approach to assist the Board in discharging its risk management responsibilities and individual business units in managing the key risks faced by the Company. Details of the main features of the ERM system including the processes for the identification, evaluation and management of significant risks are set out in the "Risk Management Report" on pages 42 to 47.

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

Corporate governance practices

(Continued)

Accountability and audit (Continued)

Risk management and internal control (Continued)

The internal control system also includes an appropriate organizational structure with clearly defined responsibilities, accountability and authorities underpinning proper segregation of duties, complemented by monitoring and reporting mechanism to ensure proper checks and balances. Policies and procedures covering key business processes are established and communicated to staff, and are reviewed regularly to ensure continued relevance and effectiveness, and for continuous improvement.

The Company's internal control system is fully integrated with the risk management framework.

The ERM is a process through which risks together with the relevant controls are identified, assessed, evaluated and reviewed on an ongoing basis. All the significant risks identified are mapped to and incorporated in the annual internal audit plan. Key controls are subject to regular independent review and test by the Internal Audit Department in order to assess their adequacy and effectiveness.

Internal audit

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

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

Internal control self-assessment

To further enhance the risk management and internal control systems, the heads of individual business units conduct annual internal control self-assessment with reference to the 17 principles of the COSO (The Committee of Sponsoring Organizations of the Treadway Commission) 2013 Internal Control – Integrated Framework. Through the use of internal control self-assessment questionnaires, the heads of individual business units systemically review and assess the effectiveness of all the key internal controls over their business operations that are in place to mitigate the risks, identify potential new risks affecting their businesses and operations, design and execute enhancement plans to address such new risks. The results of the self-assessment are reported to the Board through the Audit Committee and form part of the annual assessment of the adequacy and effectiveness of the risk management and internal control systems.

Corporate governance report (Continued)

Corporate governance practices

(Continued)

Accountability and audit (Continued)

Risk management and internal control (Continued)

Evaluation of the adequacy of resources of the Company's accounting and financial reporting function, and internal audit function

For the year ended 30th June, 2021, the Internal Audit Department has conducted an assessment and concluded that the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function were adequate. The Head of Internal Audit Department, in conjunction with the Human Resources Department, also carried out a review of the internal audit function and concluded that its resources, staff qualifications and experience, training programmes and budget were adequate. The results of the review were reported to the Audit Committee.

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

Review of the effectiveness of risk management and internal control systems

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

On behalf of the Board, the Audit Committee evaluates the effectiveness of the Company's risk management and internal control systems at least annually. For the financial year ended 30th June, 2021, the Audit Committee, with the assistance of the Risk and Control Committee, conducted a review of the effectiveness of the Group's risk management and internal control systems covering all the material controls, including environmental, social and governance related risks, financial, operational and compliance controls. Throughout the year, the Audit Committee also oversaw the risk management system on an ongoing basis through various activities including reviewing and approving the updated ERM Policy and Framework as well as the ERM reports.

For the financial year ended 30th June, 2021, the Board received a confirmation statement from management on the effectiveness of the risk management and internal control systems. The confirmation is based on:

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

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

Corporate governance practices (Continued)

Accountability and audit (Continued)

Policy and procedures of inside information handling and dissemination

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

Audit Committee

The Company established its Audit Committee with written terms of reference on 23rd September, 1998. The current written terms of reference are available at the Company's website www.sino.com and the Stock Exchange's website.

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

Corporate governance report (Continued)

Corporate governance practices

(Continued)

Accountability and audit (Continued)

Audit Committee (Continued)

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

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

- the Company's 2020 annual report and audited financial statements and the 2020/2021 interim report and unaudited interim financial statements, including the accounting policies and practices adopted by the Company, before submitting to the Board;
- the ERM Policy and Framework of the Company for the enhancement of the risk management system;
- internal audit reports and ERM reports on the risk management and internal control systems, including the effectiveness of the risk management and internal control systems of the Group, the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function, and internal audit function;
- internal audit plan 2021/2022;
- usage of annual caps on certain continuing connected transactions of the Company; and
- re-appointment of the Company's auditor before submitting to the Board.

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

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

Codes for dealing in the Company's securities

The Company has adopted its own code for dealing in the Company's securities by Directors ("Directors Dealing Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules ("Model Code"). The Company has made specific enquiries of all Directors who held such offices during the year under review. All of them confirmed their compliance with the required standard set out in the Directors Dealing Code during the year ended 30th June, 2021. The Company has also adopted a code for dealing in the Company's securities by relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company, on no less exacting terms than the Model Code.

Corporate governance practices

(Continued)

Accountability and audit (Continued)

Auditor's remuneration

The fees in respect of audit and non-audit services provided to the Group by the external auditor of the Company for the year ended 30th June, 2021 amounted to HK\$5,885,827 and HK\$1,050,000 respectively. The non-audit services mainly consist of review services.

Corporate governance functions

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

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

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

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

Compliance Committee

The Company established its Compliance Committee with written terms of reference on 30th August, 2004 to enhance the corporate governance standard of the Company. The Compliance Committee has dual reporting lines. A principal reporting line is to the Board through the Committee Chairman. A secondary reporting line is to the Audit Committee. The Compliance Committee currently comprises the Deputy Chairman of the Board Mr. Daryl Ng Win Kong (Committee Chairman), the other Executive Director of the Company, the Group Chief Financial Officer, a Senior Legal Counsel, the Company Secretary, the Head of Internal Audit Department, other department heads and the Compliance Officer. The Committee holds regular meetings on a bi-monthly basis to review bi-monthly management reports on ongoing compliance regarding continuing connected transactions and usage of annual caps, provide a forum for regulatory updates for the management, consider corporate governance issues and make recommendations to the Board and the Audit Committee on the Company's corporate governance issues and Listing Rules compliance matters.

Corporate governance report (Continued)

Corporate governance practices

(Continued)

Communication with shareholders

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

Communication strategies

Principles

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

Shareholders' meetings

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

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

Corporate governance practices

(Continued)

Communication with shareholders

(Continued)

Communication strategies (Continued)

Shareholders' meetings (Continued)

The last annual general meeting of the Company is the 2020 annual general meeting ("2020 AGM") which was held on 28th October, 2020 at The Pacific Rooms, 9th Floor, Towers Wing, The Royal Pacific Hotel & Towers, 33 Canton Road, Tsim Sha Tsui, Kowloon. The Directors, including the Chairman of the Board, the Chairman of the Audit Committee, the Chairman of the Nomination Committee and the Chairman of the Remuneration Committee, and the external auditor of the Company, Deloitte Touche Tohmatsu, attended the 2020 AGM.

The attendance records of the Directors to the 2020 AGM are set out below:

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

The Company's notice to shareholders for the 2020 AGM was sent to shareholders more than 20 clear business days prior to the meeting. The chairman of the meeting exercised his power under the Company's Articles of Association to put each proposed resolution to vote by way of a poll. The Company adopted poll voting for all resolutions put to vote at the meeting. The procedures for voting by poll at the 2020 AGM were contained in the circular of the Company to its shareholders, which was dispatched together with the 2020 annual report, and were further explained at the 2020 AGM prior to the polls being taken. Simultaneous translation from English to Cantonese was available at the 2020 AGM.

Separate resolutions were proposed at the 2020 AGM on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 28th October, 2020 are set out below:

Resolutions proposed at the 2020 AGM	Percentage of votes
1 Adoption of the audited Financial Statements and the Directors' and Independent Auditor's Reports for the year ended 30th June, 2020	100%
2 Declaration of a final dividend of HK\$0.41 per ordinary share with an option for scrip dividend	100%
3(i) Re-election of Mr. Adrian David Li Man-Kiu as Director	99.99%
3(ii) Re-election of Mr. Steven Ong Kay Eng as Director	100%
3(iii) Authorization of the Board to fix the Directors' remuneration for the financial year ending 30th June, 2021	100%
4 Re-appointment of Deloitte Touche Tohmatsu as Auditor for the ensuing year and to authorize the Board to fix their remuneration	100%
5(i) Share buy-back mandate up to 10% of the Company's issued shares	100%
5(ii) Share issue mandate up to 20% of the Company's issued shares	99.99%
5(iii) Extension of share issue mandate to the shares bought back under the share buy-back mandate	99.99%

Corporate governance report (Continued)

Corporate governance practices

(Continued)

Communication with shareholders

(Continued)

Communication strategies (Continued)

Shareholders' meetings (Continued)

All resolutions put to shareholders at the 2020 AGM were passed. The Company's Share Registrar was appointed as scrutineers to monitor and count the poll votes cast at that meeting. The results of the voting by poll were published on the respective websites of the Company and the Stock Exchange.

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

Enquiries

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

Shareholders' privacy

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

Corporate communications

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

Company's website

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

Corporate governance practices

(Continued)

Communication with shareholders

(Continued)

Dividend policy

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

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

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

Shareholders' rights

Pursuant to Section 566 of the Companies Ordinance, Directors are required to call a general meeting if the Company has received requests to do so from shareholders representing at least 5% of the total voting rights of all the shareholders having a right to vote at the general meetings. The request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that

may properly be moved and is intended to be moved at the meeting. Such request must be authenticated by the shareholders making it and may either be deposited at the registered office of the Company at 12th Floor, Tsim Sha Tsui Centre, Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong for the attention of the Company Secretary or sent to the Company's email address at investorrelations@sino.com.

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

Shareholders who wish to propose a person (other than a retiring Director) for election as director ("Candidate") at a general meeting of the Company, should (a) deposit a written notice of such proposal at the registered office of the Company for the attention of the Company Secretary, signed by the shareholders who should be qualified to attend and vote at the general meeting; (b) provide biographical details of the Candidate as set out in Rule 13.51(2)(a) to (x) of the Listing Rules; and (c) provide a written consent signed by the Candidate indicating his/her willingness to be elected. The period for lodgment of such a written notice shall be at least 7 days commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such meeting and such election and ending not later than 7 days prior to the meeting.

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

Risk management report

Risk policy statement

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

To achieve this, an Enterprise Risk Management ("ERM") approach is adopted for identifying, assessing, responding to and reporting on risks that might affect the Group in pursuit of its objectives and goals. The purposes of the implementation of ERM are as follows:

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

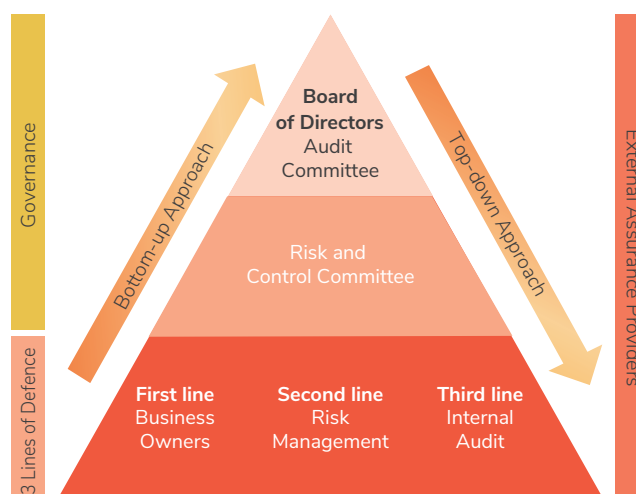
The Group is committed to continuously improving its ERM framework and processes and building a risk-aware culture across the Group with a view to achieving a sustainable and balanced development.

Risk governance and management

In June 2020, the Audit Committee approved the updated ERM Policy and Framework, which was based on the International Standard ISO 31000:2018 Risk Management – Guidelines, proposed by the Risk Management function of the Internal Audit Department. To ensure continued relevance and continuous improvement, the ERM Policy and Framework is reviewed and updated with changes regularly.

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

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



Risk governance and management (Continued)

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

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

The Risk and Control Committee, with its formal terms of reference approved by the Audit Committee, is made up of members from senior management. The Risk and Control Committee assists the Audit Committee in discharging its corporate governance responsibilities for risk management and internal control. Regarding risk management, the Risk and Control Committee is responsible for ensuring that the ERM system is adequate and effective and that the ERM framework is implemented consistently throughout the Group. It monitors the Group's overall risk profiles by reviewing the key risks relating to individual business units and the key risks that are enterprise-wide, and ensures alignment with the approved risk appetite.

As the first line of defence, heads of individual divisions and departments manage risks faced by their business units/functions. As the risk owners, they identify and

evaluate the risks which may potentially impact the achievement of their business objectives, mitigate and monitor the risks by designing and executing control procedures in their day-to-day operations. They conduct risk assessment and control self-assessment on a regular basis to evaluate the adequacy and effectiveness of controls that are in place to mitigate the identified risks.

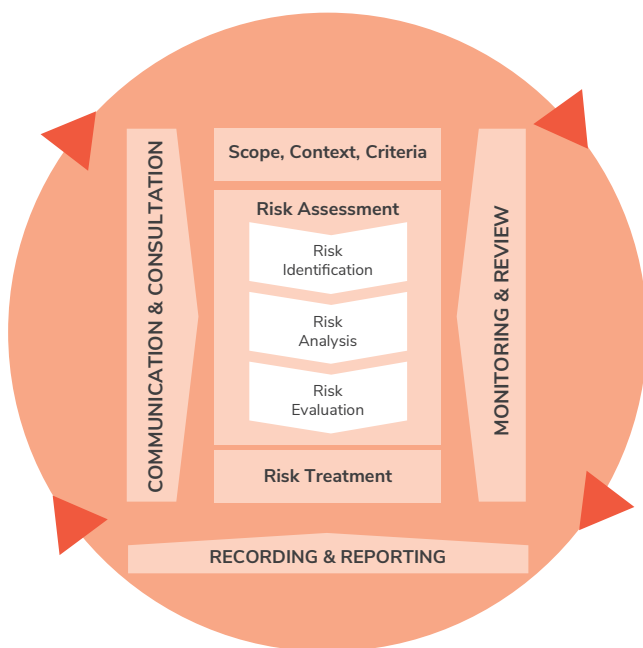
As the second line of defence, the Risk Management function is responsible for the ongoing maintenance of the ERM infrastructure and recommending changes to the Risk and Control Committee and the Audit Committee as appropriate. The Risk Management function collects and collates risk information to create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

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

Risk management report (Continued)

Risk management process

The ERM process is illustrated in the diagram below:



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

a) Communication and consultation

Communication and consultation with appropriate external and internal stakeholders take place within and throughout all steps of the ERM process.

For instance, the management team holds daily meetings to raise risk concerns, discuss emerging risks identified and formulate early response actions.

b) Scope, context, criteria

The risk management process applies to all business and decision-making processes, including the formulation of strategic objectives, business planning and day-to-day operations. The context of the ERM process is developed from the understanding of the external and internal environment in which the Group operates, taking

into account the relevant external and internal factors, the relationships with the external and internal stakeholders and the contractual relationships and commitments to ensure that the risk management approach adopted is appropriate for the Group. To ensure a common assessment standard is adopted, risk criteria are defined to measure the relative significance of risk.

c) Risk identification

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

d) Risk analysis

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

e) Risk evaluation

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

Risk management process (Continued)

f) Risk treatment

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

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

g) Monitoring and review

Annual risk assessment is conducted to effectively manage the Group's risk profile. A half-yearly review is also conducted to update the progress of risk treatment plans and incorporate changes in the

external and internal environment. Key risks and emerging risks are reviewed at least quarterly or when the situation may require.


h) Recording and reporting

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

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




Principal risks to the Group

The principal risks faced by the Group include the following:


Risk Category	Risk Description	Risk Movement*	Key Controls/ Mitigation Measures
Strategic Risk	Changing market sentiment caused by uncertainties in macro-economic and political outlook, changes in government policies		<ul style="list-style-type: none"> • Closely monitoring market situation and adopting appropriate strategies promptly • Stress test for different scenarios • Regular performance review of individual business units/projects • Maintaining sound financial position

Risk management report (Continued)

Principal risks to the Group (Continued)

Risk Category	Risk Description	Risk Movement*	Key Controls/ Mitigation Measures
Strategic Risk (Continued)	Changes in the competition landscape regarding property development in Hong Kong, e.g. new competitors, increasing land cost, challenges in land acquisition		<ul style="list-style-type: none"> • Selective land bank replenishment to optimize earning potential • Careful consideration of business cases before commitment, studies on market transactions, joint venture partnership if necessary • Regular review of our properties, asset enhancement where necessary • Continued effort to improve quality of products and services to strengthen our brand and market position • Investments in Mainland China, Singapore and Australia
Operational Risk	Rising costs, including construction costs and operating costs		<ul style="list-style-type: none"> • Budgetary control mechanism established • Analysis and benchmarking of construction and operating costs • Tender/quotation procedures in place to ensure best prices are achieved through competitive bidding • Broadening contractor/supplier base • Ongoing enhancement of efficiency and productivity
	Cyber security		<ul style="list-style-type: none"> • Implementation of security measures such as firewall, anti-spam and anti-virus protection • Ongoing review of IT infrastructure and systems and the need for upgrade/enhancement • Internal communication and training on cyber-attack threats • Employment of IT Security Manager to focus on security issues • Set up of emergency incident response team to handle imminent threat of cyber-attack • Upgrade of the network service for contingency • Engagement of independent consultant to perform penetration tests and to assess the cybersecurity risks
	Fraud		<ul style="list-style-type: none"> • High commitment to ethical values with “integrity” as one of our core values • Code of Conduct covering prevention of bribery • Whistle-blowing and staff grievance procedures in place • Regular reinforcement of our core value of “integrity” to staff and external stakeholders (including contractors and suppliers) through training and communication • Policies and procedures incorporating proper segregation of duties with checks and balances • System of approved contractor and supplier lists with performance evaluation and business concentration monitoring mechanism

Principal risks to the Group (Continued)

Risk Category	Risk Description	Risk Movement*	Key Controls/ Mitigation Measures
Operational Risk (Continued)	Disaster event, e.g. epidemic, terrorist attack		<ul style="list-style-type: none"> • Comprehensive insurance coverage for our properties and business operations • Contingency plans developed for critical business processes/ functions and accounting system recovery drill performed • Taking immediate response actions, e.g. stepping up hygiene measures during COVID-19 pandemic • Special work arrangement (e.g. flexible working hours; and splitting of the team to work on different floors/locations) • To support the Government's vaccination programme, a lucky draw is sponsored by Ng Teng Fong Charitable Foundation Limited, the philanthropic arm of the Group; and staff who complete 2 doses of vaccine would be granted 2 additional days of annual leave

For the financial risks of the Group, please refer to “Notes to the Consolidated Financial Statements” on pages 158 to 167.

* Key – Risk Movement (change from last year)

 Risk rating remained broadly the same

Apart from the above principal risks, other specific emerging risks have also been identified and kept under regular monitoring and review. In particular, the Group has identified and focused on the “technology strategic risk”. Technology is advancing exponentially and disrupting the status quo. It is crucial that we can anticipate trends and adopt the appropriate technologies so as to maintain our competitiveness, market share, and branding position. On 29 October 2020, the Group has launched “PropXTech”, a program that focuses on property technology (PropTech), to foster promising technology companies in the Greater Bay Area and develop innovative technology solutions for the real estate industry. Moreover, Sino Inno Lab was launched in September 2018 as a real-life incubator platform to try out new ideas.

Integration of risk management with internal control system

Risk management is closely linked to the Group's Internal Control Framework. Key controls for mitigating high risk items identified in the ERM process are subject to independent reviews and tests by the Internal Audit Department in order to assess their adequacy and effectiveness. Details of the internal control system are set out in the “Corporate Governance Report” on pages 32 to 34.

Review of the effectiveness of risk management and internal control systems

During the year, the Audit Committee, on behalf of the Board, has reviewed the effectiveness of the Group's risk management and internal control systems. Details of the aforesaid review of effectiveness are described in the “Corporate Governance Report” on page 34.

Directors' report

The Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30th June, 2021.

Principal activities

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

Business review

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the Chairman's Statement on pages 7 to 16 of this Annual Report. Description of possible risks and uncertainties that the Group may be facing can be found in the Risk Management Report on pages 42 to 47. Also, the financial risk management objectives and policies of the Group can be found in Note 47 to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 30th June, 2021, if any, are provided in the Notes to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Group Financial Summary on pages 3 to 6 of this Annual Report.

Discussions on the Group's environmental policies, performance and relationships with its key stakeholders are contained in the Sustainable Development on pages 17 to 23 and the Company's Sustainability Report to be published on the Company's website. Discussions on the Group's compliance with the relevant laws and regulations that have a significant impact on the Group can be found in the Corporate Governance Report on pages 24 to 41 and the Directors' Report on pages 48 to 63 of this Annual Report, and the Company's Sustainability Report. The above discussions form part of this Directors' Report.

Results and appropriations

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 72.

An interim dividend of HK14 cents per share amounting to HK\$269,420,440, including HK\$1,001,938 by way of cash dividends and HK\$268,418,502 by way of scrip alternatives, was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK41 cents per share amounting to HK\$793,541,406 and a special dividend of HK28 cents per share amounting to HK\$541,930,717 payable to shareholders whose names appear on the Register of Members of the Company on 3rd November, 2021.

Major properties

Details of the major properties of the Group at 30th June, 2021 are set out on pages 188 to 199.

Subsidiaries, associates and joint ventures

Details of the Company's principal subsidiaries, associates and joint ventures at 30th June, 2021 are set out in Notes 51, 52 and 53 to the consolidated financial statements, respectively.

Share capital

Details of shares issued by the Company during the year are set out in Note 36 to the consolidated financial statements. The shares issued during the year were in lieu of cash dividends.

Purchase, sale or redemption of the Company's listed securities

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

Distributable reserve of the Company

The Company's reserve available for distribution to shareholders as at 30th June, 2021 was the retained profits of HK\$10,232,711,024 (2020: HK\$9,168,330,261).

Treasury, group borrowings and interest capitalised

The Group maintains a prudent approach in its treasury management with foreign exchange exposure being kept at a minimal level and interest rates on a floating rate basis. Bank borrowings and other loans repayable on demand or within one year are classified as current liabilities. Repayment analysis of bank borrowings and other loans as at 30th June, 2021 are set out in Notes 34 and 35 to the consolidated financial statements.

Interest expenses capitalised by the Group during the year in respect of properties under development amounted to HK\$35,090,795 (2020: HK\$107,790,738).

Name of Director

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

Executive Directors

Mr. Robert Ng Chee Siong (Chairman)
Mr. Daryl Ng Win Kong (Deputy Chairman)

Non-Executive Director

The Honourable Ronald Joseph Arculli

Independent Non-Executive Directors

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

In accordance with the Company's Articles of Association and pursuant to Appendix 14 to the Listing Rules, Mr. Robert Ng Chee Siong and Dr. Allan Zeman will retire at the forthcoming Annual General Meeting and, who being eligible, will offer themselves for re-election.

The list of directors who have served on the boards of the subsidiaries of the Company included in the annual consolidated financial statements for the financial year ended 30th June, 2021 during the year and up to the date of this report is available on the Company's website at www.sino.com under Corporate Governance of the Investor Relations section.

Directors' report (Continued)

Directors' interests

As at 30th June, 2021, the interests and short positions held by the Directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required

to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Listing Rules, were as follows:

(a) Long positions in shares of the Company

Name of Director	Number of ordinary shares	Capacity and nature of interest	% of issued shares
Mr. Robert Ng Chee Siong	1,395,134,046 (Note)	Beneficial owner of 749,220 shares and trustee interest in 1,394,384,826 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	72.08%
The Honourable Ronald Joseph Arculli	60,000	Beneficial owner	≈ 0%
Dr. Allan Zeman	–	–	–
Mr. Adrian David Li Man-kiu	–	–	–
Mr. Steven Ong Kay Eng	–	–	–
Mr. Daryl Ng Win Kong	–	–	–

Note:

The trustee interest in 1,394,384,826 shares comprises:

- (a) 1,284,336,416 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 133,121,443 shares by Fanlight Investment Limited, 180,398,977 shares by Nippomo Limited, 4,145,373 shares by Orient Creation Limited, 354,806,832 shares by Strathallan Investment Limited, 529,468,133 shares by Tamworth Investment Limited and 82,395,658 shares by Transpire Investment Limited; and
- (b) 110,048,410 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.

Directors' interests (Continued)

(b) Long positions in shares of associated corporations

(i) Subsidiary

Sino Land Company Limited

Name of Director	Number of ordinary shares	Capacity and nature of interest	% of issued shares
Mr. Robert Ng Chee Siong	4,275,399,362 (Note)	Beneficial owner of 245,444 shares, spouse interest in 5,251,942 shares and trustee interest in 4,269,901,976 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	57.80%
The Honourable Ronald Joseph Arculli	1,191,997	Beneficial owner	0.01%
Dr. Allan Zeman	–	–	–
Mr. Adrian David Li Man-kiu	–	–	–
Mr. Steven Ong Kay Eng	–	–	–
Mr. Daryl Ng Win Kong	140,688	Beneficial owner	≈ 0%

Note:

The trustee interest in 4,269,901,976 shares comprises:

- (a) 1,827,647,288 shares which were held by Tsim Sha Tsui Properties Limited, which was 72.04% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong;
- (b) (i) 56,546,212 shares which were held by Orchard Centre Holdings (Private) Limited, in which Nam Lung Properties Development Company Limited, a wholly-owned subsidiary of Tsim Sha Tsui Properties Limited, had a 95.23% control; and
(ii) 2,198,190,355 shares which were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited;
- (c) 138,182,996 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 229,397 shares by Fanlight Investment Limited, 220,929 shares by Garford Nominees Limited, 49,719,412 shares by Karaganda Investments Inc., 21,443,769 shares by Orient Creation Limited, 10,422,188 shares by Strathallan Investment Limited, 31,412,687 shares by Strong Investments Limited, 24,071,595 shares by Tamworth Investment Limited and 663,019 shares by Transpire Investment Limited; and
- (d) 49,335,125 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.

Directors' report (Continued)

Directors' interests (Continued)

(b) Long positions in shares of associated corporations (Continued)

(ii) Associates and joint ventures

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

Name of Company	Number of ordinary shares	% of issued shares
Brighton Land Investment Limited	1,000,002 (Notes 1 and 2)	100%
Empire Funds Limited	1 (Notes 1 and 3)	50%
Erleigh Investment Limited	110 (Notes 1 and 3)	55%
Eternal Honest Finance Company Limited	1 (Notes 1 and 3)	50%
Famous Empire Properties Limited	5,000 (Notes 1 and 4)	50%
FHR International Limited	1 (Note 5)	33.33%
Island Resort Estate Management Company Limited	10 (Notes 1 and 3)	50%
Jade Result Limited	500,000 (Notes 1 and 3)	50%
Murdoch Investments Inc.	2 (Notes 1 and 2)	100%
Real Maker Development Limited	20,000 (Notes 1 and 6)	10%
Rich Century Investment Limited	500,000 (Notes 1 and 3)	50%
Sea Dragon Limited	70 (Notes 1 and 3)	70%
Silver Link Investment Limited	10 (Notes 1 and 3)	50%
Sino Club Limited	2 (Note 7)	100%
Sino Parking Services Limited	450,000 (Note 8)	50%
Sino Real Estate Agency Limited	50,000 (Note 8)	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 Erleigh Investment Limited, a company 55% controlled by Osborne.
3. The share(s) was(were) held by Osborne.
4. The shares were held by Standard City Limited, a wholly-owned subsidiary of Osborne.
5. The share was held by Smart Link Limited in which Mr. Robert Ng Chee Siong had a 100% control.
6. The shares were held by Goegan Godown Limited, a wholly-owned subsidiary of Osborne.
7. The shares were held by Sino Real Estate Agency Limited, a company 50% controlled by Deansky Investments Limited in which Mr. Robert Ng Chee Siong had a 100% control.
8. The shares were held by Deansky Investments Limited.

Save as disclosed above, as at 30th June, 2021, 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.

Share option schemes

The Company and its subsidiaries have no share option schemes.

Arrangement to purchase shares or debentures

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

Directors' interests in competing businesses

Pursuant to Rule 8.10(2) of the Listing Rules, the Company discloses that during the year, the following current Directors held share interests and/or directorships in companies engaged in businesses which compete or likely to compete, either directly or indirectly, with the businesses of the Group:

Mr. Robert Ng Chee Siong and Mr. Daryl Ng Win Kong held share interests and directorships in companies of the Ng Family (including Mr. Robert Ng Chee Siong, Mr. Philip Ng Chee Tat, and as co-executors of the estate of the late Mr. Ng Teng Fong and/or their respective associates) which engage in businesses of property investment, development and management, and hotel operation.

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

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

Directors' material interests in transactions, arrangements or contracts

Apart from the transactions disclosed under the heading "Related party disclosures" as set out in Note 49 to the consolidated financial statements, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management contracts

No contract for the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Permitted indemnity provision

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

Service contracts

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

Connected transactions

Continuing connected transactions for the year ended 30th June, 2021

The Company and its major subsidiary, Sino Land Company Limited ("Sino Land"), jointly announced on 28th June, 2019 that Sino Land and/or its subsidiaries ("Sino Land Group") had entered into agreements on 28th June, 2019 ("Agreements" or individually, "Agreement") relating to the following continuing

connected transactions between Sino Land Group and the Ng Family (including Mr. Robert Ng Chee Siong, Mr. Philip Ng Chee Tat, and as co-executors of the estate of the late Mr. Ng Teng Fong, and/or their respective associates) for the three financial years commencing from 1st July, 2019 and ending on 30th June, 2022 with annual caps fixed for each of the years. Applicable particulars of the Agreements together with the total amount received/paid in respect of the transactions for the year ended 30th June, 2021 are disclosed herein as required under the Listing Rules:

Nature of services provided under the Agreement	Parties to the transactions	Nature of transactions	Basis of consideration	Applicable annual cap(s) under the Agreement	Total amount received/paid for the year ended 30th June, 2021
1. Building cleaning services	<p>Service provider Best Result Environmental Services Limited, a wholly-owned subsidiary of Sino Land</p> <p>Service recipient Ng Family</p>	Provision of building cleaning services and cleaning consultancy services by Sino Land Group to properties developed/owned/ partly owned or to be developed/owned/ partly owned by the Ng Family	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin ranging from approximately 5% to 25% of the amount thereof, payable in monthly instalments in arrears on the last day of each month. The parties will take into account factors such as the size, nature of the building, location, complexity of the work, image, competition and length of the contract in determining the lump sum fee under each individual contract in respect of the services contemplated thereunder	<p>The aggregate amount payable by the relevant members of the Ng Family under the Agreement shall not exceed:</p> <p>(i) HK\$198 million for the period from 1st July, 2020 to 30th June, 2021; and</p> <p>(ii) HK\$218 million for the period from 1st July, 2021 to 30th June, 2022</p>	HK\$108.35 million

Connected transactions (Continued)

Continuing connected transactions for the year ended 30th June, 2021 (Continued)

Nature of services provided under the Agreement	Parties to the transactions	Nature of transactions	Basis of consideration	Applicable annual cap(s) under the Agreement	Total amount received/paid for the year ended 30th June, 2021
2. Car park management services	<p>Service provider Sino Parking Services Limited ("SPSL"), a company held as to 50% by Sino Land and 50% by the Ng Family</p> <p>Service recipient Sino Land Group</p>	Provision of car park management services by SPSL and/or members of the Ng Family to properties owned/developed or to be owned/developed by Sino Land Group	A lump sum fee to be agreed between the parties which shall be determined by reference to a rate of approximately 16% to 20% of the total gross revenue generated from car parking operations in the relevant properties managed by SPSL and/or the relevant member of the Ng Family, payable in half-yearly instalments in arrears on the last day of each half year. The parties will take into account factors such as the size, nature of the building, location, complexity of the work, image, competition and length of the contract in determining the lump sum fee under each individual contract in respect of the services contemplated thereunder	<p>The aggregate amount payable by the relevant members of Sino Land Group under the Agreement shall not exceed:</p> <p>(i) HK\$65 million for the period from 1st July, 2020 to 30th June, 2021; and</p> <p>(ii) HK\$79 million for the period from 1st July, 2021 to 30th June, 2022</p>	HK\$32.77 million

Directors' report (Continued)

Connected transactions (Continued)

Continuing connected transactions for the year ended 30th June, 2021 (Continued)

Nature of services provided under the Agreement	Parties to the transactions	Nature of transactions	Basis of consideration	Applicable annual cap(s) under the Agreement	Total amount received/paid for the year ended 30th June, 2021
3. Estate management and general administrative services	<p>Service provider Sino Estates Management Limited ("SEML"), a wholly-owned subsidiary of Sino Land</p> <p>Service recipient Ng Family</p>	Provision of estate management services, life-style services, home maintenance services, courtesy services and general administrative services by Sino Land Group to properties developed/owned/ partly owned or to be developed/owned/ partly owned by the Ng Family	A lump sum fee to be agreed between the parties which shall be a fixed sum or determined by reference to a rate of approximately 2% to 15% of the management expenditure as shown in the annual budget of, or actually incurred by, the relevant member of the Ng Family in respect of the properties managed by SEML, payable by periodic instalments (for example, monthly, quarterly or half-yearly) in advance or in arrears. The parties will take into account factors such as the size, nature of the building, location, complexity of the work, image, competition and length of the contract in determining the lump sum fee under each individual contract in respect of the services contemplated thereunder	The aggregate amount payable by the relevant members of the Ng Family under the Agreement shall not exceed: <ul style="list-style-type: none"> (i) HK\$57 million for the period from 1st July, 2020 to 30th June, 2021; and (ii) HK\$63 million for the period from 1st July, 2021 to 30th June, 2022 	HK\$28.25 million

Connected transactions (Continued)

Continuing connected transactions for the year ended 30th June, 2021 (Continued)

Nature of services provided under the Agreement	Parties to the transactions	Nature of transactions	Basis of consideration	Applicable annual cap(s) under the Agreement	Total amount received/paid for the year ended 30th June, 2021
4. Security services	<p>Service provider Sino Security Services Limited, a wholly-owned subsidiary of Sino Land</p> <p>Service recipient Ng Family</p>	Provision of security services by Sino Land Group to properties developed/owned/ partly owned or to be developed/owned/ partly owned by the Ng Family	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin ranging from approximately 5% to 25% of the amount thereof, payable in monthly instalments in arrears on the last day of each month. The parties will take into account factors such as the size, nature of the building, location, complexity of the work, image, competition and length of the contract in determining the lump sum fee under each individual contract in respect of the services contemplated thereunder	<p>The aggregate amount payable by the relevant members of the Ng Family under the Agreement shall not exceed:</p> <p>(i) HK\$144 million for the period from 1st July, 2020 to 30th June, 2021; and</p> <p>(ii) HK\$158 million for the period from 1st July, 2021 to 30th June, 2022</p>	HK\$78.01 million

Directors' report (Continued)

Connected transactions (Continued)

Continuing connected transactions for the year ended 30th June, 2021 (Continued)

Nature of services provided under the Agreement	Parties to the transactions	Nature of transactions	Basis of consideration	Applicable annual cap(s) under the Agreement	Total amount received/paid for the year ended 30th June, 2021
5. Lease of properties	<p>Service provider (i) Sino Land Group</p> <p>Service recipient (i) Ng Family</p>	(i) the Ng Family (as lessee) leases properties owned or to be owned by Sino Land Group (as lessor)	(i) A lump sum base rent exclusive of rates, Government rent, management fees and, if any, other outgoings, with or without a variable turnover rent linked to the gross sales turnover of the lessee of the particular properties to be agreed between the parties which shall be determined by reference to the prevailing market rent of the particular properties. The base rent is payable monthly on the first day of every calendar month and the turnover rent, if any, is payable on terms to be agreed between the parties	(i) The total rent payable per annum shall not exceed: (a) HK\$64.9 million for the period from 1st July, 2020 to 30th June, 2021; and (b) HK\$68.8 million for the period from 1st July, 2021 to 30th June, 2022	(i) HK\$21.50 million

Connected transactions (Continued)

Continuing connected transactions for the year ended 30th June, 2021 (Continued)

Nature of services provided under the Agreement	Parties to the transactions	Nature of transactions	Basis of consideration	Applicable annual cap(s) under the Agreement	Total rent recognized as right-of-use assets according to HKFRS 16 – Leases
5. Lease of properties (Continued)	<p>Service provider (ii) Ng Family</p> <p>Service recipient (ii) Sino Land Group</p>	(ii) Sino Land Group (as lessee) leases properties owned or to be owned by the Ng Family (as lessor)	(ii) A lump sum rent exclusive of rates, Government rent, management fees and, if any, other outgoings, to be agreed between the parties which shall be determined by reference to the prevailing market rent of the particular properties, payable monthly on the first day of every calendar month	<p>(ii) The total rent for the whole tenancy/licence period which shall be recognized as right-of-use assets according to Hong Kong Financial Reporting Standard ("HKFRS") 16 – Leases relating to those tenancy agreements or licences to be entered into in the corresponding year shall not exceed:</p> <p>(a) HK\$209.3 million for the period from 1st July, 2020 to 30th June, 2021; and</p> <p>(b) HK\$140.9 million for the period from 1st July, 2021 to 30th June, 2022</p>	(ii) HK\$98.54 million

Connected transactions (Continued)

Continuing connected transactions for the year ended 30th June, 2021 (Continued)

The Ng Family and SPSL, being an associate of the Ng Family, are connected persons of the Company and Sino Land by virtue of the Ng Family being the controlling shareholder of both the Company and Sino Land. Therefore, the above transactions constituted continuing connected transactions of each of the Company and Sino Land under the Listing Rules.

During the year, the above continuing connected transactions were carried out within their respective applicable annual caps for the year. The Internal Audit Department has reviewed the above continuing connected transactions and concluded that the internal controls over such continuing connected transactions are adequate and effective. The findings have been submitted to the Audit Committee.

The Independent Non-Executive Directors have reviewed and confirmed that during the year, the above continuing connected transactions were all conducted and entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this Annual Report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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

Details of other related party transactions are set out in Note 49 to the consolidated financial statements.

Substantial shareholders' and other shareholders' interests

As at 30th June, 2021, the interests and short positions of the substantial shareholders and other shareholders

(other than Directors of the Company) in the shares and underlying shares of the Company as notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares of the Company

Name of substantial shareholder	Number of ordinary shares	Capacity and nature of interest	% of issued shares
Mr. Philip Ng Chee Tat	1,389,270,307 <i>(Notes 1, 2, 3, 4 and 5)</i>	Interest of controlled corporations in 2,865,116 shares and trustee interest in 1,386,405,191 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	72.19%
Tamworth Investment Limited	474,423,302 <i>(Notes 3 and 5)</i>	Beneficial owner	27.34%
Strathallan Investment Limited	317,920,220 <i>(Notes 3 and 5)</i>	Beneficial owner	18.32%

Name of other shareholder	Number of ordinary shares	Capacity and nature of interest	% of issued shares
Nippomo Limited	161,644,248 <i>(Notes 3 and 5)</i>	Beneficial owner	9.31%
Fanlight Investment Limited	124,724,897 <i>(Notes 3 and 5)</i>	Beneficial owner	6.87%

Directors' report (Continued)

Substantial shareholders' and other shareholders' interests (Continued)

Long positions in shares of the Company (Continued)

Notes:

1. 2,865,116 shares were held through companies 100% controlled by Mr. Philip Ng Chee Tat, namely, 2,496,133 shares by Far East Ventures Pte. Ltd. and 368,983 shares by Western Properties Pte Ltd.
2. The trustee interest in 1,386,405,191 shares comprises:
 - (a) 1,276,986,554 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 132,359,630 shares by Fanlight Investment Limited, 179,366,609 shares by Nippomo Limited, 4,121,651 shares by Orient Creation Limited, 352,776,381 shares by Strathallan Investment Limited, 526,438,150 shares by Tamworth Investment Limited and 81,924,133 shares by Transpire Investment Limited; and
 - (b) 109,418,637 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.
3. The interests of Tamworth Investment Limited, Strathallan Investment Limited, Nippomo Limited and Fanlight Investment Limited were duplicated in the interests of the co-executors of the estate of the late Mr. Ng Teng Fong.
4. The trustee interest of Mr. Philip Ng Chee Tat was duplicated in the trustee interest of Mr. Robert Ng Chee Siong as disclosed under the section headed "Directors' interests" above as the co-executors of the estate of the late Mr. Ng Teng Fong.
5. The number and the percentage of shares as disclosed are based on the substantial shareholder notices filed with the Stock Exchange.

Save as disclosed above and so far as the Directors of the Company are aware, as at 30th June, 2021, no other person (other than Directors of the Company) had an interest or short position in the shares and underlying shares of the Company which were notified to the

Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and were recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder of the Company.

Donations

During the year, the Group made charitable and other donations amounting to approximately HK\$2,626,000.

Equity-linked agreements

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

Major suppliers and customers

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 81% of the Group's total purchases and the purchases attributable to the Group's largest supplier was approximately 28% of the Group's total purchases.

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

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

Corporate governance

The corporate governance report is set out on pages 24 to 41.

Sufficiency of public float

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

Auditor

The consolidated financial statements for the year ended 30th June, 2021 have been audited by Messrs. Deloitte Touche Tohmatsu ("Deloitte"). Deloitte will retire as the auditor upon expiration of its current term of office at the conclusion of the annual general meeting of the Company to be held on 27th October, 2021 ("2021 AGM").

On 26th August, 2021, the Board resolved, with recommendation from the Audit Committee, to propose the appointment of Messrs. KPMG as the new auditor of the Company for the ensuing year following the retirement of Deloitte, subject to the approval of the shareholders of the Company at the 2021 AGM. Consistent with good corporate governance practice, the Board considers that the proposed change of auditor will be in the best interest of the Company and the shareholders of the Company as a whole.

On behalf of the Board
Robert NG Chee Siong
Chairman

Hong Kong, 26th August, 2021

Biographical details of Directors & senior management

(I) Executive Directors

Mr. Robert Ng Chee Siong^{N+}, aged 69, 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 45 years and is also a director of a number of subsidiaries and associated companies of the Company. Mr. Ng is the Chairman of Sino Land Company Limited, the major subsidiary of the Company, and the Chairman of Sino Hotels (Holdings) Limited. In addition, he is a Director of The Real Estate Developers Association of Hong Kong, a member of the 11th, 12th and 13th National Committee of the Chinese People's Political Consultative Conference ("CPPCC") and Deputy Director of the Committee for Economic Affairs of the 13th National Committee of the CPPCC. Mr. Ng is the father of Mr. Daryl Ng Win Kong, the Deputy Chairman of the Company, a son of the late substantial shareholder Mr. Ng Teng Fong and the brother of Mr. Philip Ng Chee Tat, the co-executor of the estate of the late Mr. Ng Teng Fong.

Mr. Daryl Ng Win Kong^R, SBS, JP, aged 43, an Executive Director since April 2005 and Deputy Chairman of the Group since November 2017, holds a Bachelor of Arts Degree in Economics, a Master Degree of Science in Real Estate Development from Columbia University in New York, an Honorary Doctor of Humane Letters degree from Savannah College of Art and Design and an Honorary University Fellowship from The Open University of Hong Kong. Mr. Ng first joined the Company as Executive (Development) in 2003. He is a director of a number of subsidiaries and associated companies of the Company, and an Executive Director and Deputy Chairman of Sino Land Company Limited and Sino Hotels (Holdings) Limited. He is also a Non-Executive Director of The Bank of East Asia, Limited, which is listed on the Hong Kong Stock Exchange and the Chairman, Non-independent &

Non-executive Director of Yeo Hiap Seng Limited, a company listed on the main board of the Singapore Stock Exchange. He is a member of the Global Leadership Council of Columbia University in the City of New York, a member of the 10th Sichuan Committee of the Chinese People's Political Consultative Conference ("CPPCC"), a member of the 12th and 13th Beijing Municipal Committee of the CPPCC, a member of the 10th and 11th Committees of the All-China Youth Federation and the Deputy Chairman of the Chongqing Youth Federation. He is the President of Hong Kong United Youth Association, a Council Member of the Hong Kong Committee for UNICEF, a Council Member of The Hong Kong Management Association, an Advisor of Our Hong Kong Foundation, a Council Member of Hong Kong Chronicles Institute Limited, a Council Member of the Employers' Federation of Hong Kong, a member of the Board of Hong Kong Science and Technology Parks Corporation, the Chairman of Greater Bay Area Homeland Youth Community Foundation Limited and a Member of the Board of Mind Mental Health Hong Kong Limited. Mr. Ng's major public service appointments include being a member of the Estate Agents Authority of the Government of Hong Kong Special Administrative Region, a member of the Council of the University of Hong Kong, a member of NUS Medicine International Council at the Yong Loo Lin School of Medicine of National University of Singapore, a member of International Advisory Council of Singapore Management University, a member of the Board of M Plus Museum Limited, a Board Member of National Heritage Board, Singapore, a member of Hong Kong Trade Development Council Mainland Business Advisory Committee and a member of the Cyberport Advisory Panel of Hong Kong Cyberport Management Company Limited. He is a Director of The Real Estate Developers Association of Hong Kong and a Director of The Community Chest of Hong Kong. He is the eldest son of the Chairman of the Group Mr. Robert Ng Chee Siong and the eldest grandson of the late substantial shareholder Mr. Ng Teng Fong.

N+: Nomination Committee Chairman R: Remuneration Committee member

(II) Non-Executive Director

The Honourable Ronald Joseph Arculli,

GBM, CVO, GBS, OBE, JP, aged 82,

has been a Director of the Company since 1994 and was re-designated from an Independent Non-Executive Director to a Non-Executive Director in July 2005.

The Honourable Ronald Arculli through Ronald Arculli and Associates provides consultancy services to the Company. He is also a Non-Executive Director of Sino Land Company Limited and Sino Hotels (Holdings) Limited. The Honourable Ronald Arculli was an Independent Non-Executive Director of Hong Kong Exchanges and Clearing Limited from 2006 to April 2013, for which he was also a former Independent Non-Executive Chairman from 2006 to April 2012. He has a long and distinguished record of public service on numerous government committees and advisory bodies. He was the Chairman of The Hong Kong Jockey Club from 2002 to August 2006. He is a practising solicitor and has served on the Legislative Council from 1988 to 2000. He was a Non-Official Member of the Executive Council of the HKSAR Government from November 2005 to June 2012, for which he also acted as Convenor of the Non-Official Members since December 2011. He chairs FWD Group, the Honorary Advisory Committee of SVHK Foundation Limited and Common Purpose Charitable Foundation Limited in Hong Kong, and the Adviser to Chair of Hang Lung Properties Limited. He is also a Non-Executive Director of Asia Art Archive Limited. He is a Board Member and the Vice-Chairman of the Board of The West Kowloon Cultural District Authority and chairs its Executive Committee and Development Committee. The Honourable Ronald Arculli is a Non-Executive Director of HKR International Limited, HK Electric Investments Manager Limited (as trustee-manager of HK Electric Investments) and HK Electric Investments Limited (all are listed on The Stock Exchange of Hong Kong Limited except HK Electric Investments Manager Limited). He was formerly an Independent Non-Executive Director of Hang Lung Properties Limited.

(III) Independent Non-Executive Directors

Dr. Allan Zeman^{A N R}, GBM, GBS, JP, aged 73,

an Independent Non-Executive Director of the Company since September 2004. He is also an Independent Non-Executive Director of Sino Land Company Limited. Dr. Zeman is the Chairman of Lan Kwai Fong Group in Hong Kong. Dr. Zeman serves as an Independent Non-Executive Director and the Chairman of Wynn Macau, Limited, a Non-Executive Director of Pacific Century Premium Developments Limited, and an Independent Non-Executive Director of Television Broadcasts Limited and Fosun Tourism Group, all of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Dr. Zeman was the Chairman of Hong Kong Ocean Park from July 2003 to June 2014 and is now the Honorary Advisor to the Park. He is also a Board member of the Alibaba Entrepreneurs Fund and the Airport Authority Hong Kong, an appointed member of the Economic Development Commission of Hong Kong and a governor of the Board of Governors of Our Hong Kong Foundation. Dr. Zeman is also a member of the Board of Governors of The Canadian Chamber of Commerce in Hong Kong, a member of the Asian Advisory Board of the Richard Ivey School of Business, The University of Western Ontario and the Vice Patron of The Community Chest of Hong Kong. Dr. Zeman is a holder of Honorary Doctorate of Laws Degree from The University of Western Ontario, Canada. In 2012, he was awarded Honorary Doctorate Degrees of Business Administration from City University of Hong Kong and The Hong Kong University of Science and Technology. Dr. Zeman was formerly an Independent Non-Executive Director of Global Brands Group Holding Limited.

A: Audit Committee member N: Nomination Committee member R: Remuneration Committee member

Biographical details of Directors & senior management (Continued)

(III) Independent Non-Executive Directors (Continued)

Mr. Adrian David Li Man-kiu^{A+ N R}, JP, aged 48,

an Independent Non-Executive Director since April 2005, is Co-Chief Executive of The Bank of East Asia, Limited. He is also an Independent Non-Executive Director of Sino Land Company Limited. Mr. Li is a member of the Anhui Provincial Committee of the Chinese People's Political Consultative Conference and a Counsellor of the Hong Kong United Youth Association. He is Chairman of The Chinese Banks' Association, Vice President of The Hong Kong Institute of Bankers' Council and a member of the MPF Industry Schemes Committee of the MPFA. He is a board member of The Community Chest of Hong Kong and serves on its Executive Committee, a member of the Advisory Board of The Salvation Army, Hong Kong and Macau Command, and a Trustee of The University of Hong Kong's occupational retirement schemes. Furthermore, he serves as a member of the Election Committees responsible for electing the Chief Executive of the HKSAR and deputies of the HKSAR to the 13th National People's Congress. Mr. Li is currently an Independent Non-Executive Director of China State Construction International Holdings Limited and COSCO SHIPPING Ports Limited, both companies listed in Hong Kong. He previously served as a Non-Executive Director of The Berkeley Group Holdings plc, which is listed on the London Stock Exchange. Mr. Li holds a Master of Management degree from the Kellogg School of Management, Northwestern University in the US, and a Master of Arts degree and Bachelor of Arts degree in Law from the University of Cambridge in Britain. He is a member of The Law Society of England and Wales, and The Law Society of Hong Kong. He is also a member of the Hong Kong Academy of Finance and has been conferred as an Honorary Certified Banker by The Hong Kong Institute of Bankers.

Mr. Steven Ong Kay Eng^{A R+}, aged 75,

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

(IV) Senior management

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

A+: Audit Committee Chairman A: Audit Committee member N: Nomination Committee member

R+: Remuneration Committee Chairman R: Remuneration Committee member



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

Opinion

We have audited the consolidated financial statements of Tsim Sha Tsui Properties Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 72 to 186, which comprise the consolidated statement of financial position as at 30th June, 2021, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30th June, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

Key audit matters (Continued)

Key audit matter

Valuation of investment properties

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

The Group's investment properties are located in Hong Kong, Mainland China and Singapore. As at 30th June, 2021, the Group's investment properties amounted to HK\$62,457,982,602 and represented 34% of the Group's total assets, with a fair value loss of HK\$554,229,045 recognised in the consolidated statement of profit or loss for the year then ended.

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

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

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

The Group's properties under development and stocks of completed properties are stated at the lower of cost and NRV. As at 30th June, 2021, the Group's properties under development and stocks of completed properties amounted to HK\$19,015,869,625 and HK\$4,219,294,722 respectively.

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

How our audit addressed the key audit matter

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

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

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

- Challenging the assumptions and judgments applied by management in estimating the NRV including evaluating the accuracy of management's prior period estimation;
- Evaluating the reasonableness of the management's estimation of the total budgeted development costs of the properties under development, on a sampling basis, by comparing them to the actual development costs of similar completed properties of the Group and comparing to the relevant market information; and
- Assessing the appropriateness of the selling price estimated by management, on a sampling basis, by comparing the estimated selling price to recent market prices of units of the same projects or comparable properties, based on the current market conditions in the real estate industry and our knowledge of the Group's business.

Other information

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

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

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

Responsibilities of directors and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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

The engagement partner on the audit resulting in the independent auditor's report is Tsang Chi Wai.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

26th August, 2021

Consolidated statement of profit or loss

For the year ended 30th June, 2021

	NOTES	2021 HK\$	2020 HK\$
Revenue	5	24,585,151,818	5,934,504,668
Cost of sales		(8,832,809,383)	(540,711,582)
Direct expenses		(2,207,803,972)	(1,929,597,714)
Gross profit		13,544,538,463	3,464,195,372
Change in fair value of investment properties	17	(554,229,045)	(2,020,824,150)
Other income and other gains or losses		133,470,902	210,856,119
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		2,960,138	(4,831,296)
Gain on disposal of investment properties		17,268,485	137,663,664
Gain on disposal of subsidiaries	40	–	41,623,517
Administrative expenses		(831,194,913)	(850,518,488)
Other operating expenses		(214,106,771)	(199,797,960)
Finance income	7	572,893,764	1,027,393,784
Finance costs	8	(93,584,255)	(150,757,867)
Less: interest capitalised	8	35,090,795	107,790,738
Finance income, net		514,400,304	984,426,655
Share of results of associates	9	625,012,744	910,888,761
Share of results of joint ventures	10	(233,757,831)	(472,666,590)
Profit before taxation	11	13,004,362,476	2,201,015,604
Income tax expense	14	(2,531,523,834)	(527,491,049)
Profit for the year		10,472,838,642	1,673,524,555
Attributable to:			
The Company's shareholders		5,304,883,959	901,781,260
Non-controlling interests		5,167,954,683	771,743,295
		10,472,838,642	1,673,524,555
Earnings per share (reported earnings per share)			
Basic	16(a)	2.77	0.48

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30th June, 2021

	2021 HK\$	2020 HK\$
Profit for the year	<u>10,472,838,642</u>	<u>1,673,524,555</u>
Other comprehensive income (expense)		
<i>Item that will not be reclassified to profit or loss:</i>		
Change in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")	<u>150,620,056</u>	<u>(300,707,763)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Change in fair value of hedging instruments designated as cash flow hedges	(5,614,242)	(16,020,273)
Reclassification of fair value adjustment to profit or loss on an interest rate swap	6,787,308	(1,916,161)
Exchange differences arising on translation of foreign operations	957,373,669	(464,042,574)
Change in fair value of debt instruments at FVTOCI	<u>1,115,637</u>	<u>362,072</u>
	<u>959,662,372</u>	<u>(481,616,936)</u>
Other comprehensive income (expense) for the year	<u>1,110,282,428</u>	<u>(782,324,699)</u>
Total comprehensive income for the year	<u>11,583,121,070</u>	<u>891,199,856</u>
Total comprehensive income attributable to:		
The Company's shareholders	5,915,516,613	473,507,275
Non-controlling interests	<u>5,667,604,457</u>	<u>417,692,581</u>
	<u>11,583,121,070</u>	<u>891,199,856</u>

Consolidated statement of financial position

At 30th June, 2021

	NOTES	2021 HK\$	2020 HK\$
Non-current assets			
Investment properties	17	62,457,982,602	62,658,456,279
Hotel properties	18	1,744,774,054	1,724,061,091
Property, plant and equipment	19	146,003,266	181,446,860
Right-of-use assets	21	1,230,467,091	1,186,301,166
Goodwill	20	739,233,918	739,233,918
Interests in associates	22	20,326,829,520	20,798,910,012
Interests in joint ventures	23	3,104,983,220	2,969,843,643
Equity and debt instruments at FVTOCI	24	896,999,302	679,630,327
Advances to associates	22	4,411,976,921	3,363,101,061
Advances to joint ventures	23	10,376,892,013	10,628,066,644
Long-term loans receivable	27	2,247,138,134	2,180,114,880
Other assets		615,000	615,000
		<u>107,683,895,041</u>	<u>107,109,780,881</u>
Current assets			
Properties under development	45	19,015,869,625	29,661,206,200
Stocks of completed properties	45	4,219,294,722	1,320,403,999
Hotel inventories		19,461,342	19,985,062
Financial assets at FVTPL	28	15,266,180	12,568,237
Amounts due from associates	22	2,180,936,455	908,925,877
Amounts due from joint ventures	23	2,508,438,297	2,434,175,477
Amounts due from non-controlling interests	26	904,133,947	623,317,300
Trade and other receivables	29	1,674,598,631	1,577,625,529
Current portion of long-term loans receivable	27	87,829,222	87,741,043
Taxation recoverable		151,193,776	187,591,159
Time deposits and restricted bank deposits	30	40,582,469,421	37,753,906,225
Bank balances and cash	30	3,620,272,397	6,081,049,352
		<u>74,979,764,015</u>	<u>80,668,495,460</u>
Current liabilities			
Trade and other payables	31	5,144,988,989	5,006,724,548
Lease liabilities	32	49,241,295	32,031,671
Contract liabilities	33	5,852,248,183	23,454,168,068
Amounts due to associates	22	1,035,176,477	1,709,937,674
Amounts due to non-controlling interests	26	778,247,117	738,712,759
Taxation payable		2,331,284,036	625,867,436
Bank borrowings – due within one year	34	2,844,948,215	831,996,000
Other loans – unsecured	35	–	107,953,771
		<u>18,036,134,312</u>	<u>32,507,391,927</u>
Net current assets		<u>56,943,629,703</u>	<u>48,161,103,533</u>
Total assets less current liabilities		<u>164,627,524,744</u>	<u>155,270,884,414</u>

Consolidated statement of financial position (Continued)

At 30th June, 2021

	NOTES	2021 HK\$	2020 HK\$
Capital and reserves			
Share capital	36	15,341,990,386	14,302,286,718
Reserves		<u>69,724,442,659</u>	<u>64,580,746,144</u>
Equity attributable to the Company's shareholders		85,066,433,045	78,883,032,862
Non-controlling interests	41	<u>71,251,794,731</u>	<u>66,389,970,003</u>
Total equity		<u>156,318,227,776</u>	<u>145,273,002,865</u>
Non-current liabilities			
Long-term bank borrowings – due after one year	34	2,405,923,660	4,418,199,715
Derivative financial instrument	25	16,763,368	17,936,434
Lease liabilities	32	19,736,466	7,537,099
Other loans – due after one year	35	1,354,014,967	1,338,591,095
Deferred taxation	37	2,661,608,162	2,502,226,642
Advances from associates	38	1,705,890,142	1,570,678,347
Advances from non-controlling interests	39	<u>145,360,203</u>	<u>142,712,217</u>
		8,309,296,968	9,997,881,549
		<u>164,627,524,744</u>	<u>155,270,884,414</u>

The consolidated financial statements on pages 72 to 186 were approved and authorised for issue by the Board of Directors on 26th August, 2021 and are signed on its behalf by:

Robert NG Chee Siong
Chairman

Daryl NG Win Kong
Deputy Chairman

Consolidated statement of changes in equity

For the year ended 30th June, 2021

	Attributable to the Company's shareholders						Total HK\$	Non- controlling interests HK\$	Total HK\$
	Share capital HK\$	Capital reserve HK\$	Investment revaluation reserve HK\$	Hedging reserve HK\$	Exchange reserve HK\$	Retained profits HK\$			
At 1st July, 2019	13,285,452,664	1,951,978,060	(156,235,062)	-	24,647,757	62,731,581,191	77,837,424,610	67,840,852,670	145,678,277,280
Profit for the year	-	-	-	-	-	901,781,260	901,781,260	771,743,295	1,673,524,555
Other comprehensive expense:									
- change in fair value of equity and debt instruments at FVTOCI	-	-	(165,155,972)	-	-	-	(165,155,972)	(135,189,719)	(300,345,691)
- exchange differences arising on translation of foreign operations	-	-	-	-	(253,291,161)	-	(253,291,161)	(210,751,413)	(464,042,574)
- change in fair value of hedging instruments designated as cash flow hedges	-	-	-	(8,777,043)	-	-	(8,777,043)	(7,243,230)	(16,020,273)
- reclassification of fair value adjustment to profit or loss on an interest rate swap	-	-	-	(1,049,809)	-	-	(1,049,809)	(866,352)	(1,916,161)
Total comprehensive (expense) income for the year	-	-	(165,155,972)	(9,826,852)	(253,291,161)	901,781,260	473,507,275	417,692,581	891,199,856
Shares issued in lieu of cash dividends	1,016,834,054	-	-	-	-	-	1,016,834,054	-	1,016,834,054
Acquisition of additional interest in a listed subsidiary	-	577,901,435	-	-	-	-	577,901,435	(576,788,312)	1,113,123
Scrip dividend re-invested by non-controlling interests	-	-	-	-	-	-	-	447,852,471	447,852,471
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(1,739,639,407)	(1,739,639,407)
Final dividend - 2019	-	-	-	-	-	(759,176,931)	(759,176,931)	-	(759,176,931)
Interim dividend - 2020	-	-	-	-	-	(263,457,581)	(263,457,581)	-	(263,457,581)
At 30th June, 2020	14,302,286,718	2,529,879,495	(321,391,034)	(9,826,852)	(228,643,404)	62,610,727,939	78,883,032,862	66,389,970,003	145,273,002,865
Profit for the year	-	-	-	-	-	5,304,883,959	5,304,883,959	5,167,954,683	10,472,838,642
Other comprehensive income (expense):									
- change in fair value of equity and debt instruments at FVTOCI	-	-	83,539,317	-	-	-	83,539,317	68,196,376	151,735,693
- exchange differences arising on translation of foreign operations	-	-	-	-	526,423,564	-	526,423,564	430,950,105	957,373,669
- change in fair value of hedging instruments designated as cash flow hedges	-	-	-	(3,074,120)	-	-	(3,074,120)	(2,540,122)	(5,614,242)
- reclassification of fair value adjustment to profit or loss on an interest rate swap	-	-	-	3,743,893	-	-	3,743,893	3,043,415	6,787,308
Total comprehensive income for the year	-	-	83,539,317	669,773	526,423,564	5,304,883,959	5,915,516,613	5,667,604,457	11,583,121,070
Investment revaluation reserve reclassified to retained profits upon derecognition of equity instruments at FVTOCI	-	-	(28,695,000)	-	-	52,161,866	23,466,866	(23,466,866)	-
Shares issued in lieu of cash dividends	1,039,703,668	-	-	-	-	-	1,039,703,668	-	1,039,703,668
Acquisition of additional interest in a listed subsidiary	-	250,050,773	-	-	-	-	250,050,773	(250,869,411)	(818,638)
Scrip dividend re-invested by non-controlling interests	-	-	-	-	-	-	-	1,257,695,200	1,257,695,200
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(1,789,138,652)	(1,789,138,652)
Final dividend - 2020	-	-	-	-	-	(775,917,297)	(775,917,297)	-	(775,917,297)
Interim dividend - 2021	-	-	-	-	-	(269,420,440)	(269,420,440)	-	(269,420,440)
At 30th June, 2021	15,341,990,386	2,779,930,268	(266,546,717)	(9,157,079)	297,780,160	66,922,436,027	85,066,433,045	71,251,794,731	156,318,227,776

Consolidated statement of cash flows

For the year ended 30th June, 2021

	NOTE	2021 HK\$	2020 HK\$
OPERATING ACTIVITIES			
Profit before taxation		13,004,362,476	2,201,015,604
Adjustments for:			
Finance costs		58,493,460	42,967,129
Depreciation of property, plant and equipment and hotel properties		109,859,952	111,287,660
Depreciation of right-of-use assets		76,568,486	74,704,344
Gain on disposal of property, plant and equipment		(475,480)	(107,326)
Property, plant and equipment written off		23,263	1,150
Write-down of properties under development		480,759,171	–
Impairment loss on trade receivables, net of reversal		42,386,578	15,919,977
Share of results of associates		(625,012,744)	(910,888,761)
Share of results of joint ventures		233,757,831	472,666,590
Change in fair value of investment properties		554,229,045	2,020,824,150
Finance income		(572,893,764)	(1,027,393,784)
Change in fair value of financial assets at FVTPL		(2,960,138)	4,831,296
Gain on disposal of subsidiaries	40	–	(41,623,517)
Gain on disposal of investment properties		(17,268,485)	(137,663,664)
Fair value gain on non-current interest-free unsecured other loans		(11,781,853)	(11,647,643)
Interest income from loans receivable		(67,522,704)	(69,974,228)
Dividend income from listed investments		(19,104,840)	(33,092,093)
Dividend income from unlisted investments		(833,050)	–
Operating cash flows before movements in working capital		13,242,587,204	2,711,826,884
(Increase) decrease in long-term loans receivable		(67,111,433)	58,808,287
Decrease (increase) in properties under development		7,468,789,131	(3,659,449,786)
(Increase) decrease in stocks of completed properties		(273,907,196)	502,040,734
Decrease in hotel inventories		523,720	1,291,505
Increase in financial assets at FVTPL		–	(27,877)
Increase in trade and other receivables		(88,684,424)	(492,331,498)
Increase in trade and other payables		139,859,084	25,961,029
(Decrease) increase in contract liabilities		(17,601,919,885)	7,245,794,455
Cash generated from operations		2,820,136,201	6,393,913,733
Hong Kong Profits Tax paid		(328,748,839)	(433,102,425)
Taxation in other jurisdictions paid		(363,294,896)	(166,416,197)
Interest received from loans receivable		67,522,704	69,974,228
Dividends received from listed investments		16,181,864	26,678,353
Dividends received from unlisted investments		833,050	–
NET CASH FROM OPERATING ACTIVITIES		2,212,630,084	5,891,047,692

Consolidated statement of cash flows (Continued)

For the year ended 30th June, 2021

	NOTE	2021 HK\$	2020 HK\$
INVESTING ACTIVITIES			
Repayments from associates		81,372,726	1,232,989,217
Repayments from joint ventures		513,582,802	72,476,384
Repayments from non-controlling interests		14,581,346	961,250
Dividends received from associates		1,309,898,093	2,436,905,265
Dividends received from joint ventures		103,500,000	109,000,000
Decrease in restricted bank deposits		121,827,414	261,903,610
Interest received		452,154,511	1,113,615,343
Proceeds from disposal of investment properties		31,252,684	229,347,999
Proceeds from disposal of property, plant and equipment		610,297	358,074
Proceeds from derecognition of equity instruments at FVTOCI		42,053,189	–
Proceeds from derecognition of financial assets at FVTPL		262,195	–
Advances to associates		(1,889,852,032)	(87,907,428)
Advances to joint ventures		(484,150,562)	(2,993,828,234)
Advances to non-controlling interests		(295,397,993)	(548,772,895)
Additions to investment properties		(81,925,104)	(181,329,177)
Additions to hotel properties		–	(1,188,758)
Additions to property, plant and equipment		(37,987,857)	(48,703,167)
Proceeds from disposal of subsidiaries (net of cash and cash equivalents disposed of)	40	–	346,580,113
Decrease in time deposits with original maturity over three months and charge over deposits		4,903,567,299	1,788,693,497
Purchase of equity instruments at FVTOCI		(93,740,985)	(81,616,078)
Purchase of debt instruments at FVTOCI		(10,468,764)	(25,233,653)
Capital injection in associates		(450,000,001)	(450,000,000)
Acquisition of interests in joint ventures		–	(15,535,872)
Reduction of capital of an associate		12,500,000	–
NET CASH FROM INVESTING ACTIVITIES		4,243,639,258	3,158,715,490
FINANCING ACTIVITIES			
New bank borrowings raised		831,996,000	1,000,000,000
New other loans raised		13,891,415	199,762,418
Repayments of bank borrowings		(831,996,000)	(778,666,667)
Repayments of other loans		(111,749,458)	(182,874,372)
Repayments of lease liabilities		(54,205,485)	(51,928,782)
Advances from associates		192,497,346	299,013,113
Repayments to associates		(742,927,839)	(1,275,308,931)
Repayments to non-controlling interests		(2,707,290)	(204,851,066)
Advances from non-controlling interests		44,889,634	98,541,602
Dividends paid to ordinary shareholders of the Company		(5,634,069)	(5,800,457)
Interest and other finance costs paid		(60,592,273)	(118,660,285)
Dividends paid to non-controlling interests		(531,443,739)	(1,299,277,090)
NET CASH USED IN FINANCING ACTIVITIES		(1,257,981,758)	(2,320,050,517)

Consolidated statement of cash flows (Continued)

For the year ended 30th June, 2021

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,198,287,584	6,729,712,665
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	23,213,946,400	16,559,848,522
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>194,893,370</u>	<u>(75,614,787)</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>28,607,127,354</u>	<u>23,213,946,400</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Restricted bank deposits	–	121,827,414
Time deposits	40,582,469,421	37,632,078,811
Bank balances and cash	<u>3,620,272,397</u>	<u>6,081,049,352</u>
Deposits, bank balances and cash in the consolidated statement of financial position	44,202,741,818	43,834,955,577
Less: Time deposits with original maturity over three months and charge over deposits	<u>(15,595,614,464)</u>	<u>(20,499,181,763)</u>
Restricted bank deposits	–	<u>(121,827,414)</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>28,607,127,354</u>	<u>23,213,946,400</u>

Notes to the consolidated financial statements

For the year ended 30th June, 2021

1. General

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

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

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1st July, 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendment to HKFRS 16	Covid-19-Related Rent Concessions

The application of the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

2. Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ³
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30th June, 2021 ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁴
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁴
Amendments to HKAS 8	Definition of Accounting Estimates ⁴
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁴
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 ³

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

² Effective for annual periods beginning on or after 1st April, 2021

³ Effective for annual periods beginning on or after 1st January, 2022

⁴ Effective for annual periods beginning on or after 1st January, 2023

⁵ Effective for annual periods beginning on or after a date to be determined

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

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

2. Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2” relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 “Financial Instruments: Disclosures” to accompany the amendments regarding modifications and hedge accounting.

- **Modification of financial assets, financial liabilities and lease liabilities.** A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;
- **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and
- **Disclosures.** The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity’s progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

As at 30th June, 2021, the Group has several Hong Kong Interbank Offered Rate (“HIBOR”) bank loans and a designated hedge item which may be subject to interest rate benchmark reform. The Group expects no significant gains or losses should the interest rate benchmark for these loans and no significant change on hedge relationship and requirements from the reform on application of the amendments.

2. Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)”

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group’s outstanding liabilities as at 30th June, 2021, the application of the amendments will not result in reclassification of the Group’s liabilities.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

3. Basic of preparation of consolidated financial statements and significant accounting policies

3.1 Basic of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, with the exception of section 381 which requires a company to include all its subsidiary undertakings (within the meaning of Schedule 1 to the Hong Kong Companies Ordinance) in the company's annual consolidated financial statements. Section 381 is inconsistent with the requirements of HKFRS 10 "*Consolidated Financial Statements*" so far as they apply to subsidiary undertakings which are not controlled by the Group in accordance with HKFRS 10. For this reason, under the provisions of section 380(6), the Company has departed from section 381 and has not treated such companies as subsidiaries but they are accounted for in accordance with the accounting policies in Note 3.2. Those excluded subsidiary undertakings of the Group are disclosed in Note 53. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "*Share-based Payment*", leasing transactions that are accounted for in accordance with HKFRS 16 "*Leases*", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "*Inventories*" or value in use in HKAS 36 "*Impairment of Assets*".

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

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.1 Basic of preparation of consolidated financial statements (Continued)

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

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

3.2 Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the shareholders of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "*Financial Instruments*", when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Allocation of total comprehensive income and expense to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the Company's shareholders and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Goodwill (Continued)

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

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

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

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

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Investments in associates and joint ventures (Continued)

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

The Group assess whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Investments in associates and joint ventures (Continued)

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

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

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

Goodwill arising on acquisitions prior to 1st January, 2005

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

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

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

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

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Interests in joint operations

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

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

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

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

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including investment properties under redevelopment for such purposes.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Investment properties (Continued)

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

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

Hotel properties and property, plant and equipment

Hotel properties and property, plant and equipment and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated amortisation and depreciation and accumulated impairment losses, if any.

Amortisation and depreciation are recognised so as to write off the cost of items of property, plant and equipment and hotel properties over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of hotel properties and property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period in which the item is derecognised.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as hotel properties or property, plant and equipment.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Impairment losses on hotel properties, property, plant and equipment, right-of-use assets and contract costs other than goodwill

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

Properties under development and stocks of completed properties

Properties under development which are developed in the ordinary course of business and stocks of completed properties are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development and stocks of completed properties are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales.

Transfer from properties under development to investment properties carried at fair value

The Group transfers a property from properties under development to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Hotel inventories

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

Borrowing costs

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

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Except for those that are classified as investment properties and measured under the fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property and inventory are presented within "investment properties" and "properties under development"/"stock of completed properties" respectively.

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessee so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments to occur.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 "*Revenue from Contracts with Customers*" to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessor (Continued)

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

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

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

A financial asset is held for trading if:

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

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

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

(ii) Equity instruments designated as at FVTOCI

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

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

(iii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(iv) Financial assets at FVTPL

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

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

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

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

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

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

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

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable including in trade receivables, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

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

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

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

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

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

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

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

Except for financial guarantee contracts and investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and long-term loans receivable where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the investment revaluation reserve in relation to accumulated loss allowance.

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

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

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Derecognition (Continued)

On derecognition of an investment in debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instrument

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designate a derivative as hedging instrument for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

For the purpose of determining whether a forecast transaction (or a component thereof) is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Hedge accounting (Continued)

Assessment of hedging relationship and effectiveness (Continued)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

In assessing the economic relationship between the hedged item and the hedging instrument, the Group assumes that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

Cash flow hedge

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the “other income and other gains or losses” line item in profit or loss.

For the purpose of reclassifying the amount of gains and losses accumulated in the hedging reserve in order to determine whether the hedged future cash flows are expected to occur, the Group assumes the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in the hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

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

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

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

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

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

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

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

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

Output method

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

Existence of significant financing component

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

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

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

Incremental costs of obtaining a contract

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

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

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

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates and joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

3. Basic of preparation of consolidated financial statements and significant accounting policies (Continued)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred taxation are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred taxation are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interest as appropriate).

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

Retirement benefit costs

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

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

4. Critical accounting judgment and key sources of estimation uncertainty

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

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

Critical judgment in applying accounting policies

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

Deferred taxation on investment properties

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

4. Critical accounting judgment and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

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

Estimated net realisable value on properties under development

In determining whether allowances should be made for the Group's properties under development, the Group takes into consideration the current market environment and the estimated net realisable value (i.e. the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale). An allowance is made if the estimated or actual net realisable value of the properties under development is less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material provision for impairment losses may result. The carrying amount of the properties under development is HK\$19,015,869,625 (2020: HK\$29,661,206,200).

Allowance for stocks of completed properties

Management exercises its judgment in making allowance for stocks of completed properties with reference to the existing market environment, the sales performance in previous years and estimated net realisable value of the properties, i.e. the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. A specific allowance for stocks of completed properties is made if the estimated net realisable value of the property is lower than its carrying amount. If the actual net realisable values of the stocks of completed properties are less than expected as a result of change in market condition, material provision for impairment losses may result. The carrying amount of the stocks of completed properties is HK\$4,219,294,722 (2020: HK\$1,320,403,999).

Depreciation on hotel properties

In determining the estimated useful lives of the hotel properties, the management makes reference to the relevant terms of leases of the hotel properties, which are 36 to 96 years. Any changes to the estimated useful lives of the hotel properties may cause a material adjustment to the carrying amount and the depreciation charge within the next financial year.

At 30th June, 2021, the carrying amount of the hotel properties is HK\$1,744,774,054 net of accumulated depreciation of HK\$413,132,734 (2020: HK\$1,724,061,091 net of accumulated depreciation of HK\$368,037,109). Details of the movements of the hotel properties are disclosed in Note 18.

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 30th June, 2021 at their fair value of HK\$62,457,982,602 (2020: HK\$62,658,456,279). The fair value was based on valuations conducted by independent professional valuers using property valuation techniques which involve certain assumptions of market conditions including estimates of future rental income from properties using current market rentals and yields as inputs. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss. Details of the fair value measurement of investment properties are set out in Note 17.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

5. Revenue

(i) Disaggregation of revenue

	2021 HK\$	2020 HK\$
Sales of properties	20,223,985,584	863,945,244
Property management and other services	1,152,340,106	1,146,927,916
Hotel operations	262,690,719	611,302,969
Revenue from goods and services	21,639,016,409	2,622,176,129
Rental income from operating leases	2,858,674,814	3,209,262,218
Interest income from loans receivable	67,522,704	69,974,228
Dividend income		
Listed investments	19,104,841	33,092,093
Unlisted investments	833,050	–
	<u>24,585,151,818</u>	<u>5,934,504,668</u>

For the year ended 30th June, 2021, revenue from contracts with customers recognised over time mainly consists of property management and other service fee income and hotel room revenue of HK\$1,152,340,106 and HK\$134,881,292 (2020: HK\$1,146,927,916 and HK\$305,352,278) respectively. The revenue recognised at a point in time mainly consists of income from sales of properties and income from hotel food and beverage sales of HK\$20,223,985,584 and HK\$127,809,427 (2020: HK\$863,945,244 and HK\$305,950,691) respectively.

(ii) Performance obligations for contracts with customers

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

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

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

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

5. Revenue (Continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied) as at year end date regarding contracts for sales of properties and the expected timing of recognising revenue are as follows:

	2021 HK\$	2020 HK\$
Within one year	5,600,910,333	23,901,025,054
Over one year	3,147,099,260	152,684,136
	<u>8,748,009,593</u>	<u>24,053,709,190</u>

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

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

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

(iv) Leases

All the lease income are from operating leases. The Directors of the Company consider that the variable lease payments that do not depend on an index or a rate included in the operating lease income was insignificant to the Group and thus the relevant financial information was not disclosed.

6. Operating segments

The Group's operating segments are reported by six operating divisions – property sales, property rental, property management and other services, hotel operations, investments in securities and financing. This is the measure reported to the chief operating decision makers, being the Directors of the Company, for the purposes of resources allocation and performance assessment. No operating segment identified by chief operating decision makers has been aggregated in arriving at the reportable segments of the Group.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

6. Operating segments (Continued)

Segment results

For the year ended 30th June, 2021

	The Company and its subsidiaries		Associates and joint ventures		Total	
	External revenue <i>HK\$</i>	Results <i>HK\$</i>	Share of revenue <i>HK\$</i>	Share of results <i>HK\$</i>	Segment revenue <i>HK\$</i>	Segment results <i>HK\$</i>
Property sales	20,223,985,584	10,686,796,837	179,360,022	26,291,188	20,403,345,606	10,713,088,025
Property rental	2,858,674,814	2,469,430,367	867,793,361	775,558,989	3,726,468,175	3,244,989,356
	23,082,660,398	13,156,227,204	1,047,153,383	801,850,177	24,129,813,781	13,958,077,381
Property management and other services	1,152,340,106	237,810,442	113,115,096	19,237,451	1,265,455,202	257,047,893
Hotel operations	262,690,719	(22,077,985)	88,134,677	(47,031,739)	350,825,396	(69,109,724)
Investments in securities	19,937,891	19,937,891	3,900	3,900	19,941,791	19,941,791
Financing	67,522,704	67,522,704	9,386,961	9,386,961	76,909,665	76,909,665
	<u>24,585,151,818</u>	<u>13,459,420,256</u>	<u>1,257,794,017</u>	<u>783,446,750</u>	<u>25,842,945,835</u>	<u>14,242,867,006</u>

Segment assets

As at 30th June, 2021

	The Company and its subsidiaries <i>HK\$</i>	Associates and joint ventures <i>HK\$</i>	Total <i>HK\$</i>
Property sales	25,452,881,196	4,643,469,024	30,096,350,220
Property rental	62,810,388,707	15,857,765,099	78,668,153,806
	88,263,269,903	20,501,234,123	108,764,504,026
Property management and other services	572,947,734	33,177,484	606,125,218
Hotel operations	3,152,876,959	500,539,630	3,653,416,589
Investments in securities	1,053,092,535	2,365,195,367	3,418,287,902
Financing	21,835,723,591	31,666,136	21,867,389,727
Segment assets	<u>114,877,910,722</u>	<u>23,431,812,740</u>	138,309,723,462
Restricted bank deposits, time deposits, bank balances and cash			44,202,741,818
Taxation recoverable			151,193,776
Total assets			<u>182,663,659,056</u>

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

6. Operating segments (Continued)

Other information

For the year ended 30th June, 2021

	Property sales HK\$	Property rental HK\$	Property management and other services HK\$	Hotel operations HK\$	Investments in securities HK\$	Financing HK\$	Consolidated HK\$
Amounts included in the measure of segment assets:							
Capital additions							
– Property, plant and equipment	714,210	2,469,433	14,987,033	19,817,181	-	-	37,987,857
– Investment properties	-	81,925,104	-	-	-	-	81,925,104
– Hotel properties	-	-	-	-	-	-	-
– Right-of-use assets	170,279	-	83,415,984	-	-	-	83,586,263
Write-down of properties under development	(480,759,171)	-	-	-	-	-	(480,759,171)
Amounts regularly reviewed by the chief operating decision makers but not included in the measure of segment profit or loss:							
Change in fair value of investment properties	-	(554,229,045)	-	-	-	-	(554,229,045)
Depreciation							
– Property, plant and equipment	(1,401,512)	(2,493,629)	(14,848,927)	(58,193,233)	(300,552)	-	(77,237,853)
– Hotel properties	-	-	-	(32,622,099)	-	-	(32,622,099)
– Right-of-use assets	(81,592)	(131,998)	(53,715,888)	(22,349,713)	(289,295)	-	(76,568,486)

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

6. Operating segments (Continued)

Segment results

For the year ended 30th June, 2020

	The Company and its subsidiaries		Associates and joint ventures		Total	
	External revenue HK\$	Results HK\$	Share of revenue HK\$	Share of results HK\$	Segment revenue HK\$	Segment results HK\$
Property sales	863,945,244	40,361,945	1,508,777,294	795,840,388	2,372,722,538	836,202,333
Property rental	3,209,262,218	2,791,652,243	920,891,726	839,210,641	4,130,153,944	3,630,862,884
	4,073,207,462	2,832,014,188	2,429,669,020	1,635,051,029	6,502,876,482	4,467,065,217
Property management and other services	1,146,927,916	279,841,512	115,379,064	18,850,815	1,262,306,980	298,692,327
Hotel operations	611,302,969	167,860,371	200,048,841	24,767,439	811,351,810	192,627,810
Investments in securities	33,092,093	33,092,093	3,900	3,900	33,095,993	33,095,993
Financing	69,974,228	69,974,228	11,245,400	11,245,400	81,219,628	81,219,628
	<u>5,934,504,668</u>	<u>3,382,782,392</u>	<u>2,756,346,225</u>	<u>1,689,918,583</u>	<u>8,690,850,893</u>	<u>5,072,700,975</u>

Segment assets

As at 30th June, 2020

	The Company and its subsidiaries HK\$	Associates and joint ventures HK\$	Total HK\$
Property sales	32,777,996,517	5,607,902,022	38,385,898,539
Property rental	63,115,886,847	15,848,044,912	78,963,931,759
	95,893,883,364	21,455,946,934	117,349,830,298
Property management and other services	525,090,157	37,733,127	562,823,284
Hotel operations	3,116,623,151	536,661,040	3,653,284,191
Investments in securities	832,716,098	1,711,650,104	2,544,366,202
Financing	19,618,663,180	26,762,450	19,645,425,630
Segment assets	<u>119,986,975,950</u>	<u>23,768,753,655</u>	143,755,729,605
Restricted bank deposits, time deposits, bank balances and cash			43,834,955,577
Taxation recoverable			187,591,159
Total assets			<u>187,778,276,341</u>

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

6. Operating segments (Continued)

Other information

For the year ended 30th June, 2020

	Property sales HK\$	Property rental HK\$	Property management and other services HK\$	Hotel operations HK\$	Investments in securities HK\$	Financing HK\$	Consolidated HK\$
Amounts included in the measure of segment assets:							
Capital additions							
– Property, plant and equipment	347,229	2,341,544	20,085,686	25,622,491	306,217	–	48,703,167
– Investment properties	–	181,329,177	–	–	–	–	181,329,177
– Hotel properties	–	–	–	1,188,758	–	–	1,188,758
– Right-of-use assets	–	263,996	10,199,080	–	–	–	10,463,076
Amounts regularly reviewed by the chief operating decision makers but not included in the measure of segment profit or loss:							
Change in fair value of investment properties	–	(2,020,824,150)	–	–	–	–	(2,020,824,150)
Depreciation							
– Property, plant and equipment	(1,690,409)	(2,650,515)	(14,443,267)	(62,445,245)	(488,640)	–	(81,718,076)
– Hotel properties	–	–	–	(29,569,584)	–	–	(29,569,584)
– Right-of-use assets	–	(120,998)	(51,995,874)	(22,359,325)	(228,147)	–	(74,704,344)

Measurement

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

Segment results represent the profit before taxation earned by each segment without allocation of certain other income and other gains or losses, certain administrative expenses and other operating expenses, changes in fair value of investment properties and financial assets at FVTPL, gain on disposal of investment properties, gain on disposal of subsidiaries and certain finance income net of finance costs. The profit before taxation earned by each segment also includes the share of results from the Group's associates and joint ventures without allocation of the associates' and joint ventures' certain other income and other gains or losses, certain administrative expenses and other operating expenses, change in fair value of investment properties, gain on disposal of investment properties, finance costs net of finance income and income tax expense.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

6. Operating segments (Continued)

Reconciliation of profit before taxation

	2021 HK\$	2020 HK\$
Segment profit	14,242,867,006	5,072,700,975
Change in fair value of investment properties	(554,229,045)	(2,020,824,150)
Other income and other gains or losses	130,836,782	181,204,854
Change in fair value of financial assets at FVTPL	2,960,138	(4,831,296)
Gain on disposal of investment properties	17,268,485	137,663,664
Gain on disposal of subsidiaries	–	41,623,517
Administrative expenses and other operating expenses	(956,879,563)	(937,089,657)
Finance income, net	513,730,510	982,264,109
Results shared from associates and joint ventures		
– Other income and other gains or losses	173,473,346	(162,813,288)
– Change in fair value of investment properties	(4,787,598)	(503,511,122)
– Gain on disposal of investment properties	1,350,000	7,041,567
– Administrative expenses and other operating expenses	(228,404,501)	(245,547,891)
– Finance costs, net	(111,414,329)	(67,866,000)
– Income tax expense	(222,408,755)	(278,999,678)
	<u>(392,191,837)</u>	<u>(1,251,696,412)</u>
Profit before taxation	<u>13,004,362,476</u>	<u>2,201,015,604</u>

During the year ended 30th June, 2021, inter-segment sales of HK\$90,553,086 (2020: HK\$74,979,392) were not included in the segment of “property management and other services”. There were no inter-segment sales in other operating segments. Inter-segment sales were charged at cost plus margin basis as agreed between both parties.

Revenue from major products and services

An analysis of the Group’s revenue for the year from its major products and services is set out in Note 5.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

6. Operating segments (Continued)

Geographical information

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

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

	The Company's and its subsidiaries' external revenue		Share of revenue from associates and joint ventures		The Group's non-current assets	
	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$
Hong Kong	23,145,936,847	5,100,903,743	948,220,136	2,468,014,740	76,685,235,570	78,535,525,661
The PRC	1,075,049,605	97,939,806	268,034,744	175,129,131	9,116,755,942	7,799,198,720
Singapore and Australia	364,165,366	735,661,119	41,539,137	113,202,354	3,948,282,159	3,923,528,588
	24,585,151,818	5,934,504,668	1,257,794,017	2,756,346,225	89,750,273,671	90,258,252,969

Information about major customers

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

7. Finance income

	2021 HK\$	2020 HK\$
Interest income on:		
advances to associates and joint ventures	37,835,484	41,495,260
bank deposits	464,994,283	928,836,500
Imputed interest income on non-current interest-free advances to associates and joint ventures	70,063,997	57,062,024
	572,893,764	1,027,393,784

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

8. Finance costs

	2021 HK\$	2020 HK\$
Interest and other finance costs on:		
bank loans	49,373,314	116,634,027
other loans	5,092,491	6,410,759
lease liabilities	1,488,130	2,051,142
Imputed interest expense on non-current interest-free advances from associates	19,195,369	16,062,416
Imputed interest expense on non-current interest-free unsecured other loans	11,647,643	11,515,684
	<u>86,796,947</u>	<u>152,674,028</u>
Fair value adjustment on an interest rate swap reclassified from hedging reserve to profit or loss	6,787,308	(1,916,161)
	<u>93,584,255</u>	<u>150,757,867</u>
Less: Amounts capitalised to properties under development	(35,090,795)	(107,790,738)
	<u>58,493,460</u>	<u>42,967,129</u>

9. Share of results of associates

	2021 HK\$	2020 HK\$
Share of results of associates comprises:		
Share of profits of associates	852,769,850	1,169,386,294
Share of taxation of associates	(227,757,106)	(258,497,533)
	<u>625,012,744</u>	<u>910,888,761</u>

The Group's share of results of associates included the Group's share of decrease in fair value of investment properties of the associates, net of deferred taxation, of HK\$136,954,053 (2020: HK\$323,654,714) recognised in the statement of profit or loss of the associates.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

10. Share of results of joint ventures

	2021 HK\$	2020 HK\$
Share of results of joint ventures comprises:		
Share of losses of joint ventures	(239,106,182)	(452,164,445)
Share of taxation of joint ventures	5,348,351	(20,502,145)
	<u>(233,757,831)</u>	<u>(472,666,590)</u>

The Group's share of results of joint ventures included the Group's share of increase in fair value of investment properties of the joint ventures of HK\$70,479,315 (2020: share of decrease in fair value of investment properties of the joint ventures of HK\$180,895,088) recognised in the statement of profit or loss of the joint ventures.

11. Profit before taxation

	2021 HK\$	2020 HK\$
Profit before taxation has been arrived at after charging (crediting):		
Staff costs including Directors' remuneration (<i>Note 12</i>):		
Staff salaries and other benefits	1,516,491,480	1,552,719,027
Retirement benefit scheme contributions	52,261,837	59,046,226
Total staff costs	<u>1,568,753,317</u>	<u>1,611,765,253</u>
Auditor's remuneration		
– audit services	5,885,827	5,649,516
– non-audit services	1,050,000	1,328,000
Cost of hotel inventories consumed (included in direct expenses)	34,563,648	77,204,920
Cost of properties sold	8,832,809,383	540,711,582
Depreciation of property, plant and equipment, hotel properties and right-of-use assets (included in administrative and other operating expenses)	186,428,438	185,992,004
Gain on disposal of property, plant and equipment	(475,480)	(107,326)
Property, plant and equipment written off	23,263	1,150
Impairment loss on trade receivables, net of reversal	42,386,578	15,919,977
Covid-19 related government grants	<u>(238,740,823)</u>	<u>(58,504,965)</u>

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

12. Directors' and Chairman's emoluments

The emoluments paid or payable to each of the six (2020: six) Directors of the Company, which include the Chairman, were disclosed pursuant to section 383(1)-(4) of the Hong Kong Companies Ordinance and Hong Kong Companies (Disclosure of Information about Benefits of Directors) Regulation. Emoluments of the Directors of the Company in respect of their qualifying services including:

2021

	Mr. Robert Ng Chee Siong [^] HK\$ (Note ii)	Mr. Daryl Ng Win Kong [^] HK\$ (Note iii)	The Honourable Ronald Joseph Arculli [#] HK\$ (Note iv)	Dr. Allan Zeman* HK\$	Mr. Adrian David Li Man-kiu* HK\$ (Note v)	Mr. Steven Ong Kay Eng* HK\$ (Note v)	Total HK\$
Fees	–	100,000	400,000	760,000	760,000	700,000	2,720,000
Salaries and other benefits	–	–	–	–	–	–	–
Retirement benefit scheme contributions	–	1,500	–	–	–	–	1,500
Discretionary bonus (Note i)	–	80,495	–	–	–	–	80,495
Total emoluments	–	181,995	400,000	760,000	760,000	700,000	2,801,995

2020

	Mr. Robert Ng Chee Siong [^] HK\$ (Note ii)	Mr. Daryl Ng Win Kong [^] HK\$ (Note iii)	The Honourable Ronald Joseph Arculli [#] HK\$ (Note iv)	Dr. Allan Zeman* HK\$	Mr. Adrian David Li Man-kiu* HK\$	Mr. Steven Ong Kay Eng* HK\$	Total HK\$
Fees	–	50,000	400,000	760,000	760,000	700,000	2,670,000
Salaries and other benefits	920,584	725,538	–	–	–	–	1,646,122
Retirement benefit scheme contributions	–	13,500	–	–	–	–	13,500
Discretionary bonus (Note i)	–	160,990	–	–	–	–	160,990
Total emoluments	920,584	950,028	400,000	760,000	760,000	700,000	4,490,612

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

12. Directors' and Chairman's emoluments (Continued)

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

Note ii: Mr. Robert Ng Chee Siong is also the Chairman of the Company and his emoluments disclosed above include those for services rendered by him as the Chairman. Mr. Ng is also a substantial shareholder of the Company through his trustee interest in shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong. Mr. Ng has waived his emoluments of HK\$1,356,760 for the year ended 30th June, 2021 (2020: HK\$436,690).

Note iii: Mr. Daryl Ng Win Kong has waived his emoluments of HK\$965,940 for the year ended 30th June, 2021 (2020: HK\$291,485).

Note iv: A consultancy fee of HK\$2,083,330 (2020: HK\$2,083,330), including HK\$1,666,664 (2020: HK\$1,666,664) paid directly by Sino Land Company Limited ("Sino Land"), was paid to Ronald Arculli and Associates, of which The Honourable Ronald Joseph Arculli is the sole proprietor.

Note v: Mr. Adrian David Li Man-kiu and Mr. Steven Ong Kay Eng retired by rotation and were re-appointed as Independent Non-Executive Directors of the Company on 28th October, 2020.

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

([^] Executive Directors)

([#] Non-Executive Director)

(* Independent Non-Executive Directors)

13. Employees' emoluments

None (2020: none) of the five individuals with the highest emoluments in the Group is a Director of the Company whose emoluments are included in Note 12 above. The emoluments of these five (2020: five) individuals disclosed pursuant to the Listing Rules are as follows:

	2021 HK\$	2020 HK\$
Salaries and other emoluments (including basic salaries, housing allowances and other allowances)	27,471,323	28,242,850
Retirement benefit scheme contributions	132,000	138,000
Discretionary bonus	4,439,537	6,702,744
	<hr/>	<hr/>
	32,042,860	35,083,594

Discretionary bonus is determined primarily based on the performance of each employee and the profitability of the Group.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

13. Employees' emoluments (Continued)

The emoluments were within the following bands:

HK\$	Number of individuals	
	2021	2020
5,000,001 – 5,500,000	2	–
5,500,001 – 6,000,000	1	2
6,000,001 – 6,500,000	1	1
8,000,001 – 8,500,000	–	1
8,500,001 – 9,000,000	–	1
9,500,001 – 10,000,000	1	–
	1	–

For the years ended 30th June, 2021 and 2020, no emoluments were paid by the Group to these five highest paid individuals and the Directors, as an inducement to join or upon joining the Group or as compensation for loss of office. Save as mentioned in Note 12, no other Director waived or agreed to waive any emoluments for both years.

14. Income tax expense

	2021 HK\$	2020 HK\$
The charge (credit) comprises:		
Taxation attributable to the Company and its subsidiaries		
Hong Kong Profits Tax		
Provision for the year calculated at 16.5% (2020: 16.5%)	2,036,207,453	384,478,017
Overprovision in previous years	(3,158,799)	(19,930,970)
	2,033,048,654	364,547,047
Taxation in other jurisdictions		
Provision for the year	124,285,988	48,192,971
Under(over)provision in previous years	53,605,472	(150,162)
Land Appreciation Tax in the PRC	217,247,237	23,252,411
	395,138,697	71,295,220
Deferred taxation (Note 37)	2,428,187,351	435,842,267
	103,336,483	91,648,782
	2,531,523,834	527,491,049

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

14. Income tax expense (Continued)

On 21st March, 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28th March, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Group considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

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

	2021 HK\$	2020 HK\$
Profit before taxation	<u>13,004,362,476</u>	<u>2,201,015,604</u>
Tax charge at Hong Kong Profits Tax rate of 16.5% (2020: 16.5%)	2,145,719,809	363,167,575
Tax effect of share of results of associates and joint ventures	(64,557,061)	(72,306,658)
Tax effect of expenses not deductible for tax purpose	317,656,313	354,315,236
Tax effect of income not taxable for tax purpose	(150,820,219)	(196,372,735)
Under(over)provision in previous years	50,446,673	(20,081,132)
Tax effect of tax losses not recognised	28,105,339	64,328,761
Utilisation of tax losses previously not recognised	(75,728,119)	(27,173,274)
Tax effect of deductible temporary differences not recognised	40,477,148	19,700,238
Utilisation of deductible temporary differences previously not recognised	(84,372,901)	(3,191,329)
Effect of different tax rates of subsidiaries operating in other jurisdictions	107,349,615	21,851,956
Land Appreciation Tax in the PRC	<u>217,247,237</u>	<u>23,252,411</u>
Tax charge for the year	<u>2,531,523,834</u>	<u>527,491,049</u>

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

15. Dividends

	2021 HK\$	2020 HK\$
Dividends recognised as distribution during the year:		
Final dividend for the year ended 30th June, 2020: HK41 cents (2020: HK41 cents for the year ended 30th June, 2019) per share	775,917,297	759,176,931
Interim dividend for the year ended 30th June, 2021: HK14 cents (2020: HK14 cents for the year ended 30th June, 2020) per share	<u>269,420,440</u>	<u>263,457,581</u>
	<u>1,045,337,737</u>	<u>1,022,634,512</u>

During the current year, scrip dividends were offered in respect of the 2020 final dividend and 2021 interim dividend. These scrip alternatives were accepted by certain shareholders, as follows:

	2021 Interim dividend HK\$	2020 Final dividend HK\$
Cash dividends	1,001,938	4,632,131
Scrip dividends	<u>268,418,502</u>	<u>771,285,166</u>
	<u>269,420,440</u>	<u>775,917,297</u>

A final dividend of HK41 cents (2020: HK41 cents) per share and a special dividend of HK28 cents per share (2020: nil) for the year ended 30th June, 2021, totalling HK\$793,541,406 based on 1,935,466,845 shares (2020: HK\$775,917,297 based on 1,892,481,211 shares) and HK\$541,930,717 based on 1,935,466,845 shares (2020: nil) respectively, have been proposed by the Directors and are subject to approval by the shareholders at the forthcoming Annual General Meeting. It is expected that the final dividend and special dividend will be dispatched to shareholders on or about 7th December, 2021.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

16. Earnings per share

(a) Reported earnings per share

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

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Earnings for the purpose of basic earnings per share	<u>5,304,883,959</u>	<u>901,781,260</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,912,572,575</u>	<u>1,871,065,881</u>

No diluted earnings per share has been presented for the years ended 30th June, 2021 and 2020 as there were no potential ordinary shares outstanding during the current and prior years.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic earnings per share calculated based on the underlying profit attributable to the Company's shareholders of HK\$5,671,648,057 (2020: HK\$2,471,844,783) is also presented, excluding the net effect of changes in fair value of investment properties of the Group and its associates and joint ventures and realised fair value gain on interest in an associate upon sales of its properties during the year, taking into account tax effect and the amount attributable to the Company's shareholders. The denominators used are the same as those detailed above for reported earnings per share.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

16. Earnings per share (Continued)

(b) Underlying earnings per share (Continued)

A reconciliation of profit is as follows:

	2021 HK\$	2020 HK\$
Earnings for the purpose of basic earnings per share	<u>5,304,883,959</u>	<u>901,781,260</u>
Change in fair value of investment properties	554,229,045	2,020,824,150
Effect of corresponding deferred tax charges	26,728,784	38,225,017
Share of results of associates		
– Change in fair value of investment properties	75,266,913	322,616,034
– Effect of corresponding deferred tax charges	61,687,140	1,038,680
Share of results of joint ventures		
– Change in fair value of investment properties	<u>(70,479,315)</u>	<u>180,895,088</u>
	<u>647,432,567</u>	2,563,598,969
Amount attributable to non-controlling interests	<u>(295,508,421)</u>	<u>(1,177,140,097)</u>
Unrealised change in fair value of investment properties attributable to the Company's shareholders	351,924,146	1,386,458,872
Realised fair value gain on investment properties disposed of during the year, net of taxation	10,597,672	335,315,764
Realised fair value gain on interest in an associate upon sales of its properties during the year	16,378,460	913,113
Amount attributable to non-controlling interests	<u>(12,136,180)</u>	<u>(152,624,226)</u>
	<u>366,764,098</u>	1,570,063,523
Underlying profit attributable to the Company's shareholders	<u>5,671,648,057</u>	<u>2,471,844,783</u>
Underlying earnings per share	<u>2.96</u>	<u>1.32</u>

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

17. Investment properties

The Group leases out various offices, industrial, residential and retail properties under operating leases with rentals payable monthly. Certain leases of retail properties contain variable lease payment that are based on percentage of sales and minimum annual lease payment that are fixed over the lease term.

	Investment properties in Hong Kong HK\$	Investment properties under redevelopment in Hong Kong HK\$	Investment properties in the PRC HK\$	Investment properties in Singapore HK\$	Total HK\$
FAIR VALUE					
At 1st July, 2019	61,586,972,288	93,000,000	2,086,488,043	1,268,627,250	65,035,087,581
Exchange realignment	-	-	(78,014,421)	(43,938,600)	(121,953,021)
Additions	175,164,006	1,986,593	2,092,620	2,085,958	181,329,177
Disposals	(78,680,893)	-	(13,003,442)	-	(91,684,335)
Disposal of subsidiaries (Note 40)	(310,000,000)	-	-	-	(310,000,000)
Adjustments to construction costs	(13,270,542)	-	(228,431)	-	(13,498,973)
Change in fair value	<u>(2,042,049,980)</u>	<u>(1,986,593)</u>	<u>43,412,781</u>	<u>(20,200,358)</u>	<u>(2,020,824,150)</u>
At 30th June, 2020	59,318,134,879	93,000,000	2,040,747,150	1,206,574,250	62,658,456,279
Exchange realignment	-	-	203,049,264	41,934,750	244,984,014
Additions	80,652,669	1,186,092	86,343	-	81,925,104
Transfer from properties under development	-	-	42,231,235	-	42,231,235
Disposals	(12,942,074)	-	(1,042,125)	-	(13,984,199)
Adjustments to construction costs	(826,073)	-	(574,713)	-	(1,400,786)
Change in fair value	<u>(575,848,494)</u>	<u>(1,186,092)</u>	<u>51,095,541</u>	<u>(28,290,000)</u>	<u>(554,229,045)</u>
At 30th June, 2021	<u>58,809,170,907</u>	<u>93,000,000</u>	<u>2,335,592,695</u>	<u>1,220,219,000</u>	<u>62,457,982,602</u>

Fair value measurement of investment properties

Fair value hierarchy

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

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

During the years ended 30th June, 2021 and 2020, there were no transfers among Levels 1, 2 and 3.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

17. Investment properties (Continued)

Fair value measurement of investment properties (Continued)

Valuation process and methodologies

The fair values of the Group's investment properties at 30th June, 2021 and 2020 have been arrived at on the basis of valuations carried out as at those dates by Knight Frank Petty Limited and Knight Frank Pte Ltd., firms of independent qualified professional valuers not connected with the Group. The valuations were arrived at by reference to market evidence of recent transaction prices for similar properties and/or on the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs. In estimating the fair value of the properties, the highest and the best use of the properties is their current use.

For investment properties under redevelopment, the valuations had been arrived at by adopting direct comparison approach with reference to comparable transactions in the locality and assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The valuations had also taken into account the relevant future cost of development, including construction costs, finance costs, professional fees and developer's profit as of completion, which duly reflect the risks associated with the development of the properties.

All of the Group's leasehold property interests held to earn rentals or for capital appreciation purposes are measured using fair value model and are classified and accounted for as investment properties.

Level 3 valuation methodologies

Below is a table which presents the significant unobservable input:

Investment properties	Range of capitalisation rates (%)
In Hong Kong	
– Office/Industrial	3% – 6% (2020: 3% – 6%)
– Residential	2% – 6% (2020: 2% – 6%)
– Retail	3% – 6% (2020: 3% – 6%)
Outside Hong Kong	
– Office	4% – 7% (2020: 4% – 7%)

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

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

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

18. Hotel properties

	Hotel property in Hong Kong <i>HK\$</i>	Hotel properties in Singapore <i>HK\$</i>	Total <i>HK\$</i>
COST			
At 1st July, 2019	220,424,515	1,938,123,803	2,158,548,318
Exchange realignment	–	(67,638,876)	(67,638,876)
Additions	–	1,188,758	1,188,758
	<u>220,424,515</u>	<u>1,871,673,685</u>	<u>2,092,098,200</u>
At 30th June, 2020	220,424,515	1,871,673,685	2,092,098,200
Exchange realignment	–	65,808,588	65,808,588
	<u>220,424,515</u>	<u>1,937,482,273</u>	<u>2,157,906,788</u>
At 30th June, 2021	220,424,515	1,937,482,273	2,157,906,788
DEPRECIATION			
At 1st July, 2019	20,186,171	330,218,527	350,404,698
Exchange realignment	–	(11,937,173)	(11,937,173)
Provided for the year	6,114,148	23,455,436	29,569,584
	<u>26,300,319</u>	<u>341,736,790</u>	<u>368,037,109</u>
At 30th June, 2020	26,300,319	341,736,790	368,037,109
Exchange realignment	–	12,473,526	12,473,526
Provided for the year	6,114,148	26,507,951	32,622,099
	<u>32,414,467</u>	<u>380,718,267</u>	<u>413,132,734</u>
At 30th June, 2021	32,414,467	380,718,267	413,132,734
CARRYING VALUES			
At 30th June, 2021	188,010,048	1,556,764,006	1,744,774,054
At 30th June, 2020	194,124,196	1,529,936,895	1,724,061,091

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

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

19. Property, plant and equipment

	Computer systems <i>HK\$</i>	Furniture, fixtures, equipment and hotel operating equipment <i>HK\$</i>	Leasehold improvements <i>HK\$</i>	Motor vehicles <i>HK\$</i>	Plant and machinery <i>HK\$</i>	Total <i>HK\$</i>
COST						
At 1st July, 2019	139,450,871	625,566,370	50,269,366	38,608,983	16,535,431	870,431,021
Exchange realignment	(1,892,000)	(19,126,564)	(27,944)	(437,278)	(126,868)	(21,610,654)
Additions	22,111,638	21,816,506	756,325	2,595,251	1,423,447	48,703,167
Write off	-	(234,610)	-	-	(3,741)	(238,351)
Disposals	(1,769,340)	(4,356,724)	-	(1,115,881)	(1,416,145)	(8,658,090)
At 30th June, 2020	157,901,169	623,664,978	50,997,747	39,651,075	16,412,124	888,627,093
Exchange realignment	2,203,146	19,230,601	91,794	568,151	268,887	22,362,579
Additions	11,780,355	16,217,783	4,127,014	3,905,327	1,957,378	37,987,857
Write off	(109,487)	(139,520)	(22,821)	-	(47,750)	(319,578)
Disposals	(2,340,988)	(2,616,305)	(33,741)	(2,781,799)	(1,238,390)	(9,011,223)
At 30th June, 2021	169,434,195	656,357,537	55,159,993	41,342,754	17,352,249	939,646,728
DEPRECIATION						
At 1st July, 2019	110,215,110	456,391,437	43,739,262	28,619,815	11,617,378	650,583,002
Exchange realignment	(1,579,891)	(14,505,317)	(18,487)	(319,536)	(53,071)	(16,476,302)
Provided for the year	14,440,425	59,914,923	1,760,675	3,478,424	2,123,629	81,718,076
Write off	-	(233,460)	-	-	(3,741)	(237,201)
Eliminated on disposals	(1,751,497)	(4,154,273)	-	(1,115,881)	(1,385,691)	(8,407,342)
At 30th June, 2020	121,324,147	497,413,310	45,481,450	30,662,822	12,298,504	707,180,233
Exchange realignment	1,875,424	15,925,351	57,885	423,137	116,300	18,398,097
Provided for the year	14,756,835	54,670,542	2,132,884	3,721,000	1,956,592	77,237,853
Write off	(109,487)	(139,520)	-	-	(47,308)	(296,315)
Eliminated on disposals	(2,273,775)	(2,561,541)	(33,741)	(2,781,799)	(1,225,550)	(8,876,406)
At 30th June, 2021	135,573,144	565,308,142	47,638,478	32,025,160	13,098,538	793,643,462
CARRYING VALUES						
At 30th June, 2021	33,861,051	91,049,395	7,521,515	9,317,594	4,253,711	146,003,266
At 30th June, 2020	36,577,022	126,251,668	5,516,297	8,988,253	4,113,620	181,446,860

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

19. Property, plant and equipment (Continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Computer systems	20% – 33 $\frac{1}{3}$ %
Furniture, fixtures, equipment and hotel operating equipment	10% – 33 $\frac{1}{3}$ %
Leasehold improvements	20%
Motor vehicles	20% – 25%
Plant and machinery	10% – 33 $\frac{1}{3}$ %

Included in furniture, fixtures, equipment and hotel operating equipment, the carrying value of HK\$75,571,264 (2020: HK\$108,423,211) as at 30th June, 2021 represents furniture, fixtures and equipment relating to the hotel operations of the Group.

20. Goodwill/deemed disposal/acquisition of interest in a listed subsidiary

HK\$

GROSS AMOUNT

At 1st July, 2019, 30th June, 2020 and 30th June, 2021

739,233,918

Goodwill as at 30th June, 2021 and 2020 arose from increase in the Group's ownership in a listed subsidiary as a result of the repurchase of its own shares by the listed subsidiary itself as well as the issue of scrip dividends by the listed subsidiary in prior years.

During the year ended 30th June, 2021, the management of the Group performed an impairment review in respect of goodwill. Sino Land is the Company's major operating arm in respect of the Group's six operating divisions as set out in Note 6. The recoverable amount of these operating divisions (which are also the cash generating units) that takes into account the fair value of the underlying assets and liabilities of the listed subsidiary is not less than the carrying amount of the cash generating units, and hence the management determined that there is no impairment on goodwill as at 30th June, 2021. The amounts of goodwill are allocated to respective operating divisions disclosed in Note 6.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

21. Right-of-use assets

	Leasehold land <i>HK\$</i>	Leased properties <i>HK\$</i>	Total <i>HK\$</i>
As at 30th June, 2020			
Carrying amount	<u>1,147,146,407</u>	<u>39,154,759</u>	<u>1,186,301,166</u>
As at 30th June, 2021			
Carrying amount	<u>1,161,914,928</u>	<u>68,552,163</u>	<u>1,230,467,091</u>
For the year ended 30th June, 2020			
Depreciation charge	<u>22,359,325</u>	<u>52,345,019</u>	<u>74,704,344</u>
For the year ended 30th June, 2021			
Depreciation charge	<u>22,349,713</u>	<u>54,218,773</u>	<u>76,568,486</u>

	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Expense relating to short-term leases and other leases with lease terms ended within 12 months at the date of initial application of HKFRS 16	<u>30,040,201</u>	<u>43,379,311</u>
Total cash outflow for leases	<u>85,733,816</u>	<u>97,359,235</u>
Additions to right-of-use assets	<u>83,586,263</u>	<u>10,463,076</u>

For both years, the Group leases various properties for its operations. Lease contracts are entered into for fixed term of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns hotel properties for its operations. The relevant subsidiaries of the Group are the registered owners of these property interests, including the underlying leasehold lands. Lump sum payments were made to acquire these property interests. The leasehold land components of these owned properties are presented separately as right-of-use assets as the payments made for the leasehold land components can be identified reliably.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

22. Interests in associates/advances to associates/amounts due from/to associates

	2021 HK\$	2020 HK\$
Interests in associates:		
Unlisted shares, at cost	6,121,899,133	6,144,889,664
Share of post-acquisition profits, net of dividends received	<u>14,204,930,387</u>	<u>14,654,020,348</u>
	<u>20,326,829,520</u>	<u>20,798,910,012</u>
Advances to associates	5,749,353,592	4,719,949,549
Less: Allowance	<u>(1,337,376,671)</u>	<u>(1,356,848,488)</u>
	<u>4,411,976,921</u>	<u>3,363,101,061</u>

Included in the cost of investment in associates is goodwill of HK\$142,498,716 (2020: 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, 2021, out of the Group's advances to associates net of allowance, HK\$1,689,615,795 (2020: HK\$210,849,190) bears interest and the remaining balance is interest-free. In the opinion of the Directors, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

The amounts due from associates of the Group classified under current assets are unsecured, interest-free and are expected to be repaid within one year.

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

Details of impairment assessment of advances to associates and amounts due from associates for the years ended 30th June, 2021 and 2020 are set out in Note 47.

Particulars of the principal associates at 30th June, 2021 and 2020 are set out in Note 52. The associates are accounted for using the equity method in these consolidated financial statements.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

22. Interests in associates/advances to associates/amounts due from/to associates (Continued)

Summarised financial information of material associates

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

Great Maker Limited

Great Maker Limited is incorporated by the Group and other property developers and operates in Hong Kong. The associate is mainly engaged in property trading in Hong Kong.

	2021 HK\$	2020 HK\$
Current assets	<u>2,058,796,060</u>	<u>2,079,409,625</u>
Non-current assets	<u>504,020</u>	<u>–</u>
Current liabilities	<u>2,010,131,279</u>	<u>2,036,579,237</u>

	For the year ended 30th June,	
	2021 HK\$	2020 HK\$
Revenue	<u>46,647,100</u>	<u>4,602,779,942</u>
Profit and total comprehensive income for the year	<u>6,338,413</u>	<u>2,043,392,194</u>
Dividend received from the associate during the year	<u>–</u>	<u>600,000,000</u>

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

	2021 HK\$	2020 HK\$
Net assets of Great Maker Limited	<u>49,168,801</u>	<u>42,830,388</u>
Proportion of the Group's ownership interest in Great Maker Limited	<u>30%</u>	<u>30%</u>
Carrying amount of the Group's interest in Great Maker Limited	<u>14,750,640</u>	<u>12,849,116</u>

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

22. Interests in associates/advances to associates/amounts due from/to associates (Continued)

Summarised financial information of material associates (Continued)

Hua Qing Holdings Pte Ltd and its subsidiary (“Hua Qing”)

Hua Qing is incorporated by the Group and other property developers and operates in the PRC. The associate is mainly engaged in property investment in the PRC.

	2021 HK\$	2020 HK\$
Current assets	<u>557,465,028</u>	<u>456,849,879</u>
Non-current assets	<u>16,095,457,964</u>	<u>14,061,937,433</u>
Current liabilities	<u>278,302,101</u>	<u>341,115,299</u>
Non-current liabilities	<u>4,074,058,566</u>	<u>3,368,101,838</u>

	For the year ended 30th June,	
	2021 HK\$	2020 HK\$
Revenue	<u>741,245,148</u>	<u>735,644,830</u>
Profit and total comprehensive income for the year	<u>1,849,333,944</u>	<u>190,680,443</u>
Dividend received from the associate during the year	<u>84,314,599</u>	<u>182,209,115</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in Hua Qing recognised in the consolidated financial statements:

	2021 HK\$	2020 HK\$
Net assets of Hua Qing	<u>12,300,562,325</u>	<u>10,809,570,175</u>
Proportion of the Group's ownership interest in Hua Qing	<u>23.5%</u>	<u>23.5%</u>
Carrying amount of the Group's interest in Hua Qing	<u>2,894,211,610</u>	<u>2,543,394,576</u>

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

22. Interests in associates/advances to associates/amounts due from/to associates (Continued)

Summarised financial information of material associates (Continued)

Aggregate information of associates that are not individually material

	2021 HK\$	2020 HK\$
The Group's share of profit and total comprehensive income for the year	<u>187,979,587</u>	<u>253,005,711</u>
Aggregate carrying amount of the Group's interests in these associates	<u>17,417,867,270</u>	<u>18,242,666,320</u>

23. Interests in joint ventures/advances to joint ventures/amounts due from joint ventures

	2021 HK\$	2020 HK\$
Interests in joint ventures:		
Unlisted shares	228,363,927	210,734,187
Share of post-acquisition profits, net of dividends received	<u>2,876,619,293</u>	<u>2,759,109,456</u>
	<u>3,104,983,220</u>	<u>2,969,843,643</u>
Advances to joint ventures	11,036,705,670	10,862,168,668
Less: Allowance	<u>(659,813,657)</u>	<u>(234,102,024)</u>
	<u>10,376,892,013</u>	<u>10,628,066,644</u>

The advances to joint ventures of the Group are unsecured and have no fixed repayment terms. At 30th June, 2021, out of the Group's advances to joint ventures, HK\$7,768,482,647 (2020: HK\$7,712,200,417) bear interest and the remaining balance is interest-free. In the opinion of the Directors, the Group will not demand for repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

The amounts due from joint ventures of the Group classified under current assets are unsecured and are expected to be repaid within one year from the end of the reporting period. At 30th June, 2021, out of the Group's amount due from joint ventures, HK\$136,405,151 (2020: nil) bear interest and the remaining balance is interest-free.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

23. Interests in joint ventures/advances to joint ventures/amounts due from joint ventures (Continued)

Details of impairment assessment of advances to joint ventures and amounts due from joint ventures for the years ended 30th June, 2021 and 2020 are set out in Note 47.

Particulars of the principal joint ventures at 30th June, 2021 and 2020 are set out in Note 53. The joint ventures are accounted for using the equity method in these consolidated financial statements.

Summarised financial information of material joint ventures

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

Rich Century Investment Limited

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

	2021 HK\$	2020 HK\$
Current assets	<u>44,562,238</u>	<u>36,020,978</u>
Non-current assets	<u>5,150,266,741</u>	<u>5,190,203,596</u>
Current liabilities	<u>1,034,251,534</u>	<u>1,022,231,783</u>
Non-current liabilities	<u>73,880,676</u>	<u>70,492,740</u>
	For the year ended 30th June,	
	2021 HK\$	2020 HK\$
Revenue	<u>274,260,843</u>	<u>289,894,901</u>
Profit and total comprehensive income for the year	<u>120,196,718</u>	<u>27,720,050</u>
Dividend received from the joint venture during the year	<u>83,500,000</u>	<u>87,500,000</u>

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

23. Interests in joint ventures/advances to joint ventures/amounts due from joint ventures (Continued)

Summarised financial information of material joint ventures (Continued)

Rich Century Investment Limited (Continued)

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

	2021 HK\$	2020 HK\$
Net assets of Rich Century Investment Limited	4,086,696,769	4,133,500,051
Proportion of the Group's ownership interest in Rich Century Investment Limited	50%	50%
	<u>2,043,348,385</u>	<u>2,066,750,026</u>
Consolidation adjustment at Group level	29,000	29,000
	<u>2,043,377,385</u>	<u>2,066,779,026</u>

Grand Site Development Limited

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

	2021 HK\$	2020 HK\$
Current assets	<u>120,232,141</u>	<u>262,257,173</u>
Non-current assets	<u>1,571,400,000</u>	<u>1,613,400,000</u>
Current liabilities	<u>281,079,227</u>	<u>436,966,905</u>
Non-current liabilities	<u>10,664,465</u>	<u>10,572,609</u>

For the year ended 30th June,

	2021 HK\$	2020 HK\$
Revenue	<u>29,162,324</u>	<u>38,753,470</u>
Loss and total comprehensive expense for the year	<u>(28,229,210)</u>	<u>(89,035,901)</u>

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

23. Interests in joint ventures/advances to joint ventures/amounts due from joint ventures (Continued)

Summarised financial information of material joint ventures (Continued)

Grand Site Development Limited (Continued)

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

	2021 HK\$	2020 HK\$
Net assets of Grand Site Development Limited	1,399,888,449	1,428,117,659
Proportion of the Group's ownership interest in Grand Site Development Limited	50%	50%
Carrying amount of the Group's interest in Grand Site Development Limited	699,944,225	714,058,830

Aggregate information of joint ventures that are not individually material

	2021 HK\$	2020 HK\$
The Group's share of loss and total comprehensive expense for the year	(279,741,585)	(442,008,664)
Aggregate carrying amount of the Group's interests in these joint ventures	361,661,610	189,005,787

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

24. Equity and debt instruments at FVTOCI

Equity and debt instruments at FVTOCI comprise:

	2021 HK\$	2020 HK\$
Listed investments:		
Equity securities listed in		
Hong Kong	556,643,887	433,298,966
Singapore	158,342,524	134,143,465
Perpetual bonds listed in		
Hong Kong	39,655,138	75,889,531
Singapore	7,921,319	7,741,062
	<hr/>	<hr/>
Debt instruments at FVTOCI listed in Singapore	762,562,868	651,073,024
Unlisted investments	37,733,871	25,595,725
	<hr/>	<hr/>
Unlisted investments	96,702,563	2,961,578
	<hr/>	<hr/>
Total	896,999,302	679,630,327

These equity investments are not held for trading, instead, they are held for long-term strategic purposes. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

At 30th June, 2021, debt instruments at FVTOCI carried interest at fixed interest rates ranging from 3.5% to 6.2% (2020: 3.5% to 5.0%) per annum and had maturity dates ranging from August 2024 to January 2030 (2020: maturity dates ranging from September 2028 to January 2030).

Unlisted investments include unlisted equity securities issued by private entities and a private fund incorporated in Hong Kong and the PRC.

At 30th June, 2021 and 2020, all equity and debt instruments at FVTOCI are stated at fair value. Details of the fair value measurements for equity and debt instruments at FVTOCI and impairment assessment for debt instruments at FVTOCI are set out in Note 47.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

25. Derivative financial instrument

	2021 HK\$	2020 HK\$
Derivative financial liability (under hedge accounting):		
Cash flow hedge		
Interest rate swap (Note)	<u>16,763,368</u>	<u>17,936,434</u>

Note: In April 2020, a wholly-owned subsidiary of Sino Land entered into an interest rate swap contract with a bank with aggregate notional amount of HK\$1,000,000,000. Such interest rate swap contract has the economic effect of converting borrowing from a floating rate based on HIBOR to a fixed rate. The interest rate swap was entered into for mitigating the interest rate exposure on a specific borrowing and is designated as a hedging instrument that is subject to cash flow hedge accounting.

26. Amounts due from/to non-controlling interests

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

Details of impairment assessment of amounts due from non-controlling interests for the years ended 30th June, 2021 and 2020 are set out in Note 47.

27. Long-term loans receivable

	2021 HK\$	2020 HK\$
Gross carrying amount of long-term variable-rate loans receivable	2,334,967,356	2,267,855,923
Less: Current portion shown under current assets	<u>(87,829,222)</u>	<u>(87,741,043)</u>
	<u>2,247,138,134</u>	<u>2,180,114,880</u>

The Group offers loans to buyers of properties sold by the Group and the repayment terms of the loans are specified in the respective loan agreements.

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these debtors.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

27. Long-term loans receivable (Continued)

Variable-rate loans receivable, net of allowance for credit loss, if any, have the following maturity in accordance with the contractual maturity dates in the loan agreements:

	2021 HK\$	2020 HK\$
Within one year	87,829,222	87,741,043
In more than one year but not more than five years	404,021,453	360,035,542
In more than five years	1,843,116,681	1,820,079,338
	<u>2,334,967,356</u>	<u>2,267,855,923</u>

The Group's long-term loans receivable are denominated in HK\$ and carry interest rates (which are the contractual interest rates) at prime rate or prime rate plus/minus a margin per annum and are secured by mortgages over the properties acquired by the purchasers. The maturity dates of the balances are ranging from within 1 to 28 years (2020: ranging from within 1 to 29 years).

Details of impairment assessment of long-term loans receivable for the years ended 30th June, 2021 and 2020 are set out in Note 47.

28. Financial assets at FVTPL

Financial assets at FVTPL comprise:

	2021 HK\$	2020 HK\$
Listed investments:		
Equity securities listed in Hong Kong	11,064,173	9,653,840
Equity securities listed elsewhere	4,202,007	2,914,397
Total	<u>15,266,180</u>	<u>12,568,237</u>

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

29. Trade and other receivables

Trade receivables mainly comprise rental receivables and property management and other services. Rental receivables are billed and payable in advance by tenants.

	2021 HK\$	2020 HK\$
Trade receivables	336,763,610	292,919,257
Less: Allowance for credit losses	<u>(75,359,552)</u>	<u>(34,023,242)</u>
	261,404,058	258,896,015
Other receivables and prepayments	<u>1,413,194,573</u>	<u>1,318,729,514</u>
	<u>1,674,598,631</u>	<u>1,577,625,529</u>

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these trade debtors.

As at 30th June, 2021, 30th June, 2020 and 1st July, 2019, trade receivables (net of allowance for credit losses) from contracts with customer amounted to HK\$166,185,208, HK\$142,223,347 and HK\$168,553,814 respectively.

The following is an aged analysis of trade receivables (net of allowance for credit losses) at the end of the reporting period. The amounts not yet due mainly represented receivables from property management and other services. The amounts overdue mainly represent rental receivables billed on a monthly basis and payable by the tenants in advance of the rental periods and receivables from property management and other services.

	2021 HK\$	2020 HK\$
Current	36,861,433	46,860,965
Overdue:		
1 – 30 days	100,558,450	60,415,256
31 – 60 days	35,416,752	51,605,375
61 – 90 days	14,745,257	25,863,537
Over 90 days	<u>73,822,166</u>	<u>74,150,882</u>
	<u>261,404,058</u>	<u>258,896,015</u>

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

29. Trade and other receivables (Continued)

For those past due but not impaired receivables at 30th June, 2021 and 2020, although no collateral was held, the Group had assessed the creditworthiness, past payment history and subsequent settlement, and considers that the amounts were still recoverable and no further credit provision is required in excess of allowance for credit losses. Trade receivables overdue more than 90 days amounting to HK\$73,822,166 (2020: HK\$74,150,882) are sufficiently covered by rental deposits received from the respective tenants and no allowance has been made for these receivables under the Group's allowance policy.

Trade receivables as at 30th June, 2021 and 2020 which are neither overdue nor impaired are of good quality.

Other receivables and prepayments mainly comprise receivables in relation to rental, utility and other deposits paid of approximately HK\$173,000,000 (2020: HK\$173,000,000), prepayments for operating expenses of approximately HK\$72,000,000 (2020: HK\$43,000,000), other payment in advance of approximately HK\$90,000,000 (2020: HK\$125,000,000) which is mainly related to property development projects, interest receivables of approximately HK\$205,000,000 (2020: HK\$154,000,000) and prepayment for sales commissions of approximately HK\$121,000,000 (2020: HK\$458,000,000).

Details of impairment assessment of trade and other receivables for the years ended 30th June, 2021 and 2020 are set out in Note 47.

30. Time deposits and restricted bank deposits/bank balances and cash

The restricted bank deposits of nil (2020: HK\$121,827,414) were representing the proceeds received from sale of properties of certain property projects deposited into designated bank accounts of the Group which were limited to be used for settlement of construction costs of these property projects, interest payment and principal repayment of the corresponding secured bank loans.

At 30th June, 2021, the time deposits of approximately HK\$3,235,989,000 (2020: nil) were charged for finance undertakings issued by banks for certain subsidiaries of Sino Land.

The restricted bank deposits, time deposits and bank balances carry floating interest rates ranging from 0.001% to 2.50% (2020: 0.001% to 3.50%) per annum.

Details of impairment assessment of restricted bank deposits, time deposits and bank balances for the years ended 30th June, 2021 and 2020 are set out in Note 47.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

31. Trade and other payables

At 30th June, 2021, included in trade and other payables of the Group are trade payables of HK\$142,141,178 (2020: HK\$90,260,394).

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

	2021 HK\$	2020 HK\$
0 – 30 days	107,156,692	38,452,416
31 – 60 days	11,787,269	31,826,558
61 – 90 days	6,203,998	3,632,895
Over 90 days	16,993,219	16,348,525
	<u>142,141,178</u>	<u>90,260,394</u>

Other payables mainly comprise construction cost payable of approximately HK\$1,818,000,000 (2020: HK\$653,000,000), rental and utilities deposits received of approximately HK\$787,000,000 (2020: HK\$810,000,000), receipt in advance of approximately HK\$1,603,000,000 (2020: HK\$2,589,000,000) which is mainly related to property development projects and rental receipt in advance of approximately HK\$156,000,000 (2020: HK\$143,000,000).

32. Lease liabilities

	2021 HK\$	2020 HK\$
Lease liabilities payable:		
Within one year	49,241,295	32,031,671
Within a period of more than one year but not more than two years	19,591,493	7,278,343
Within a period of more than two years but not more than five years	144,973	258,756
	<u>68,977,761</u>	39,568,770
Less: Amounts due for settlement within 12 months shown under current liabilities	<u>(49,241,295)</u>	<u>(32,031,671)</u>
Amounts due for settlement after 12 months shown under non-current liabilities	<u>19,736,466</u>	<u>7,537,099</u>

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

33. Contract liabilities

As at 30th June, 2021, the Group has recognised the contract liabilities of HK\$5,852,248,183 (30th June, 2020: HK\$23,454,168,068 and 1st July, 2019: HK\$16,208,373,613) related to property sales. The decrease in balance at 30th June, 2021 is mainly attributable to the revenue recognition of property sales. No significant financing component is included in contract liabilities for both years.

The contract liabilities of the Group are all expected to be settled within the Group's normal operating cycle and thus are classified as current liabilities.

The Group receives certain percentage of the contract price as deposits from customers when they sign the sale and purchase agreements. The rest of sale consideration is typically paid when legal assignment is completed. In many cases, the Group receives further deposits from customers prior to the completion of legal assignment. In some sales arrangements, the customers agree to pay the rest of sale consideration early while construction is still ongoing. All such deposits received are recognised as contract liabilities throughout the property construction period until the customer obtains control of the completed property.

The following shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities.

	2021 HK\$	2020 HK\$
Revenue recognised that was included in the contract liabilities at the beginning of the year	<u>18,825,738,752</u>	<u>38,921,064</u>

34. Bank borrowings

	2021 HK\$	2020 HK\$
Long-term bank borrowings		
Within one year	2,844,948,215	831,996,000
More than one year but not exceeding two years	1,408,528,000	2,843,058,010
More than two years but not exceeding five years	<u>997,395,660</u>	<u>1,575,141,705</u>
	5,250,871,875	5,250,195,715
Less: Current portion shown under current liabilities	<u>(2,844,948,215)</u>	<u>(831,996,000)</u>
Total bank borrowings – due after one year	<u>2,405,923,660</u>	<u>4,418,199,715</u>

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

The bank borrowings of the Group are guaranteed by Sino Land (Note 42), and a bank borrowing amount of approximately HK\$576,532,000 is also secured by a share of a subsidiary of Sino Land.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

35. Other loans

	2021 HK\$	2020 HK\$
Unsecured other loans		
On demand or within one year	–	107,953,771
More than one year but not exceeding two years	1,354,014,967	1,338,591,095
	1,354,014,967	1,446,544,866
Less: Current portion shown under current liabilities	–	(107,953,771)
Total other loans – due after one year	1,354,014,967	1,338,591,095

As at 30th June, 2020, the other loan of the Group amounted to HK\$107,953,771 was unsecured, bore interest which was determined based on the cost-of-funds of the borrower plus a margin and was repayable on demand.

The remaining balances of HK\$1,354,014,967 (2020: HK\$1,338,591,095) are unsecured, interest-free and included in non-current liability as the lender has agreed not to demand repayment within the next twelve months from the end of the reporting period. The effective interest rate for imputed interest expenses is determined based on the cost-of-funds of the Group plus a margin.

36. Share capital

	2021		2020	
	Number of ordinary shares	Share capital HK\$	Number of ordinary shares	Share capital HK\$
Ordinary shares issued and fully paid:				
At 1st July	1,892,481,211	14,302,286,718	1,851,651,051	13,285,452,664
Issue of shares in lieu of cash dividends	42,985,634	1,039,703,668	40,830,160	1,016,834,054
	1,935,466,845	15,341,990,386	1,892,481,211	14,302,286,718
At 30th June – ordinary shares with no par value	1,935,466,845	15,341,990,386	1,892,481,211	14,302,286,718

On 8th December, 2020 and 21st April, 2021, the Company issued and allotted a total of 31,950,504 (2020: 30,188,812) ordinary shares and 11,035,130 (2020: 10,641,348) ordinary shares at an issue price of HK\$24.140 (2020: HK\$24.990) and HK\$24.324 (2020: HK\$24.660) per ordinary share, to the shareholders in lieu of cash for the 2020 final and 2021 interim dividends (2020: 2019 final and 2020 interim dividends) respectively.

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

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

37. Deferred taxation

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

	Accelerated tax depreciation <i>HK\$</i>	Revaluation of investment properties <i>HK\$</i>	Undistributed profits of subsidiaries and associates <i>HK\$</i>	Tax losses <i>HK\$</i>	Others <i>HK\$</i>	Total <i>HK\$</i>
At 1st July, 2019	882,188,122	1,268,497,158	334,837,906	(38,225,887)	13,526,599	2,460,823,898
Exchange realignment	-	(31,782,518)	(1,081,798)	-	(4,241,027)	(37,105,343)
Disposal of subsidiaries (<i>Note 40</i>)	(2,346,630)	-	-	-	-	(2,346,630)
Settlement on withholding tax	-	-	(10,794,065)	-	-	(10,794,065)
Charged (credited) to profit or loss for the year	54,174,299	31,775,616	10,456,195	(7,642,056)	2,884,728	91,648,782
At 30th June, 2020	934,015,791	1,268,490,256	333,418,238	(45,867,943)	12,170,300	2,502,226,642
Exchange realignment	-	62,464,161	1,582,778	-	3,378,287	67,425,226
Settlement on withholding tax	-	-	(11,380,189)	-	-	(11,380,189)
Charged (credited) to profit or loss for the year	54,854,899	29,921,482	41,238,774	(20,158,053)	(2,520,619)	103,336,483
At 30th June, 2021	988,870,690	1,360,875,899	364,859,601	(66,025,996)	13,027,968	2,661,608,162

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

At 30th June, 2021, the Group had unused tax losses of HK\$1,052,965,637 (2020: HK\$1,219,418,527) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$400,157,552 (2020: HK\$277,987,533) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$652,808,085 (2020: HK\$941,430,994) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

At 30th June, 2021, the Group had deductible temporary differences of HK\$439,568,745 (2020: HK\$705,603,612). 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.

38. Advances from associates

The advances from associates of the Group are unsecured, interest-free and have no fixed repayment terms. The associates have agreed not to demand repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current. The effective interest rate for imputed interest expense for these interest-free loans is determined based on the cost-of-funds of the Group.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

39. Advances from non-controlling interests

The advances from non-controlling interests of the Group amounting to HK\$74,102,290 (2020: HK\$71,343,674) are unsecured, bear interest at 6.25% (2020: 6.25%) per annum and have no fixed repayment terms. The remaining balance of HK\$71,257,913 (2020: HK\$71,368,543) is unsecured, interest-free and have no fixed repayment terms. The non-controlling shareholders have agreed not to demand repayment within the next twelve months from the end of the reporting period and the advances are therefore shown as non-current.

40. Disposal of subsidiaries

Disposal of Silver Target Limited and Regent Profit Investment Limited

During the year ended 30th June, 2020, the Group disposed of its entire interest in Silver Target Limited, a wholly-owned subsidiary of the Group, for a cash consideration received of approximately HK\$283,000,000 to an independent third party. The disposal was completed on 10th January, 2020.

During the year ended 30th June, 2020, the Group disposed of its entire interest in Regent Profit Investment Limited, a wholly-owned subsidiary of the Group, for a cash consideration received of approximately HK\$71,000,000 to an independent third party. The disposal was completed on 29th May, 2020.

The net assets of Silver Target Limited and Regent Profit Investment Limited at the date of disposal were as follows:

	Silver Target Limited HK\$	Regent Profit Investment Limited HK\$	Total HK\$
Net assets disposed of:			
Investment properties	285,000,000	25,000,000	310,000,000
Trade and other receivables	917,722	104,049	1,021,771
Bank balances and cash	219	–	219
Trade and other payables	(2,614,888)	(132,526)	(2,747,414)
Amount due to a subsidiary of the Group	(71,840,910)	(2,008,967)	(73,849,877)
Taxation payable	(971,131)	–	(971,131)
Deferred taxation	(2,346,630)	–	(2,346,630)
	<u>208,144,382</u>	<u>22,962,556</u>	<u>231,106,938</u>
Assignment of amount due to a subsidiary of the Group to the purchaser	<u>71,840,910</u>	<u>2,008,967</u>	<u>73,849,877</u>
	279,985,292	24,971,523	304,956,815
(Loss) gain on disposal	<u>(2,246,483)</u>	<u>43,870,000</u>	<u>41,623,517</u>
	<u>277,738,809</u>	<u>68,841,523</u>	<u>346,580,332</u>
Satisfied:			
Cash consideration received	282,701,703	70,971,523	353,673,226
Expenses incurred for disposal	<u>(4,962,894)</u>	<u>(2,130,000)</u>	<u>(7,092,894)</u>
	277,738,809	68,841,523	346,580,332
Bank balances and cash disposed of	<u>(219)</u>	<u>–</u>	<u>(219)</u>
Net cash inflow arising on disposal	<u>277,738,590</u>	<u>68,841,523</u>	<u>346,580,113</u>

The subsidiaries disposed of during the prior year did not contribute significantly to the revenue, operating results or cash flows to the Group for the year ended 30th June, 2020.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

41. Non-controlling interests

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

Name of subsidiary	Place of incorporation and principal place of business	Proportion of equity interests and voting rights held by non-controlling interests		Profit and total comprehensive income allocated to non-controlling interests		Accumulated non-controlling interests	
		2021 %	2020 %	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$
Sino Land Company Limited	Hong Kong	44.8	45.2	<u>4,337,660,091</u>	<u>783,136,231</u>	<u>69,573,297,828</u>	<u>65,520,672,496</u>

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

Sino Land Company Limited

	2021 HK\$	2020 HK\$
Current assets	<u>74,808,371,628</u>	<u>80,391,448,913</u>
Non-current assets	<u>106,906,825,650</u>	<u>106,332,352,941</u>
Current liabilities	<u>17,965,728,139</u>	<u>32,319,376,427</u>
Non-current liabilities	<u>6,940,869,515</u>	<u>8,645,236,339</u>
Equity attributable to the shareholders of the Company	<u>155,159,697,028</u>	<u>144,915,881,299</u>
Non-controlling interests	<u>1,648,902,596</u>	<u>843,307,789</u>

	For the year ended 30th June,	
	2021 HK\$	2020 HK\$
Revenue	<u>24,545,345,720</u>	<u>5,886,888,002</u>
Profit and total comprehensive income attributable to the shareholders of the Company	<u>10,752,259,468</u>	<u>909,714,515</u>
Profit (loss) and total comprehensive income (expense) attributable to the non-controlling interests	<u>828,594,807</u>	<u>(13,352,703)</u>
Profit and total comprehensive income for the year	<u>11,580,854,275</u>	<u>896,361,812</u>
Dividend paid to non-controlling interests	<u>1,766,138,652</u>	<u>1,728,208,287</u>

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

42. Financial guarantee contracts

At the end of the reporting period, the maximum amount that the Group has guaranteed under the contracts was as follows:

	2021 HK\$	2020 HK\$
Guarantees given to banks in respect of:		
Banking facilities of an associate and joint ventures attributable to the Group		
– Utilised	8,024,333,175	6,863,909,096
– Unutilised	4,906,921,117	3,892,216,604
	<u>12,931,254,292</u>	<u>10,756,125,700</u>
Mortgage loans granted to property purchasers	<u>513,423,879</u>	<u>502,404,617</u>

At 30th June, 2021 and 2020, the Group issued corporate financial guarantees to banks in respect of banking facilities granted to an associate and joint ventures. At the end of both reporting periods, the Group did not recognise any liabilities in respect of such corporate financial guarantees as the Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting periods are insignificant. The amounts of loss allowances determined in accordance with HKFRS 9 at the end of the reporting periods are insignificant.

Guarantees are given to banks with respect to loans procured by certain purchasers of the Group's properties. Such guarantees will be released by banks upon completion of the relevant mortgage properties registration. In the opinion of the Directors, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of default of the parties involved is remote; accordingly, no value has been recognised at the inception of these guarantee contracts and at the end of each reporting period. The amounts of loss allowances determined in accordance with HKFRS 9 at the end of the reporting periods are insignificant.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

43. Operating lease arrangements

The Group as lessor

Property rental income earned during the year, net of outgoings of HK\$389,244,448 (2020: HK\$417,609,975), was HK\$2,469,430,367 (2020: HK\$2,791,652,243). Most of the properties have committed tenants with fixed rental for an average term of two (2020: two) years.

Lease payments receivable on leases are as follows:

	2021 HK\$	2020 HK\$
Within one year	2,062,501,009	2,264,132,534
In the second year	1,198,651,666	1,290,640,419
In the third year	644,673,768	644,605,023
In the fourth year	365,455,321	364,746,102
In the fifth year	244,407,353	209,747,088
After five years	79,791,589	201,519,117
	<u>4,595,480,706</u>	<u>4,975,390,283</u>

44. Retirement benefit scheme

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The Group is also required to make contributions to state pension scheme, the Central Provident Fund, based on certain percentages of the monthly salaries of the employees of the Company's subsidiaries operating in Singapore. The Group has no other obligations under this state pension scheme other than the contribution payments.

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

45. Properties under development/stocks of completed properties

At the end of the reporting period, properties under development amounting to approximately HK\$15,719,385,000 (2020: HK\$15,480,603,000) were not expected to be realised within twelve months from the end of the reporting period.

The carrying amount of leasehold land included in properties under development and stocks of completed properties of approximately HK\$18,270,585,000 (2020: HK\$23,192,371,000) is measured under HKFRS 16 at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold land taking into account the estimated residual values as at 30th June, 2021 and 30th June, 2020.

As at 30th June, 2021, write-down of properties under development of HK\$480,759,171 (2020: nil) was made based on the estimated net realisable value.

46. Capital risk management

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

The capital structure of the Group consists of debts, which include bank borrowings, other loans, advances from associates/non-controlling interests, amounts due to associates/non-controlling interests and equity attributable to the Company's shareholders, comprising issued share capital, retained profits and other reserves as disclosed in the consolidated statement of changes in equity.

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

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

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

47. Financial instruments

Categories of financial instruments

	2021 HK\$	2020 HK\$
Financial assets		
Financial assets at FVTPL	15,266,180	12,568,237
Equity and debt instruments at FVTOCI	896,999,302	679,630,327
Financial assets at amortised costs	<u>67,819,825,045</u>	<u>64,874,274,089</u>
Financial liabilities		
Amortised costs	12,949,841,773	14,521,831,729
Derivative financial instrument	<u>16,763,368</u>	<u>17,936,434</u>

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, advances to associates/joint ventures, equity and debt instruments at FVTOCI, loans receivable, financial assets at FVTPL, amounts due from/to associates/joint ventures/non-controlling interests, restricted bank deposits, time deposits, bank balances and cash, trade and other payables, bank borrowings, other loans, advances from associates/non-controlling interests and derivative financial instrument.

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

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

47. Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk

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

Currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets (excluding equity and debt instruments at FVTOCI) and monetary liabilities at the end of the respective reporting periods are as follows:

	2021 HK\$	2020 HK\$
Assets		
RMB	317,775,591	304,059,848
United States Dollars ("USD")	2,034,663,358	1,910,918,695
Australian Dollars ("AUD")	620,334,441	603,830,452
New Zealand Dollars ("NZD")	26,751,631	24,536,139
Singapore Dollars ("SGD")	154,746,199	222,419,101
Liabilities		
RMB	256,706,082	358,089,511

Foreign currency sensitivity analysis

The Group's foreign currency risk is mainly concentrated on the fluctuation of RMB, AUD, NZD and SGD (the "Foreign Currencies") against HK\$, functional currency of the relevant group entities. The exposure of USD against HK\$ is considered insignificant as HK\$ is pegged to USD, therefore is excluded from the sensitivity analysis below.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

47. Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency sensitivity analysis (Continued)

The sensitivity analysis below has been determined based on the exposure to 5% increase and decrease in the Foreign Currencies against HK\$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number indicates an increase in profit for the year where the Foreign Currencies strengthens against HK\$. For a weakening of the Foreign Currencies against HK\$, there would be an equal and opposite impact on the profit.

	2021 HK\$	2020 HK\$
RMB	2,549,652	(2,255,738)
AUD	25,898,963	25,209,921
NZD	1,116,881	1,024,384
SGD	6,460,654	9,285,998

Certain equity and debt instruments at FVTOCI are denominated in SGD which is a foreign currency in relation to the relevant group entities. For equity instruments at FVTOCI amounted to HK\$134,906,563 (2020: HK\$115,171,437) as at 30th June, 2021, an increase/a decrease in 5% of SGD against the functional currency of the relevant group entities would result in an increase/a decrease of HK\$6,745,328 (2020: HK\$5,758,571) in the Group's investment revaluation reserve. For debt instruments at FVTOCI amounted to HK\$12,802,025 (2020: HK\$9,325,651) as at 30th June, 2021, an increase/a decrease in 5% of SGD against the functional currency of the relevant group entities would result in an increase/a decrease of HK\$640,101 (2020: HK\$466,283) in the Group's profit or loss.

Interest rate risk

Long-term loans receivable, advances to associates, advances to joint ventures, amounts due from joint ventures, certain trade and other payables, other loans, bank borrowings and bank balances at floating rates expose the Group to cash flow interest rate risk. Advances from non-controlling interests, lease liabilities and time deposits at fixed rates expose the Group to fair value interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the bank borrowings, prime rate arising from the loans receivable and market rate arising from other loans.

The management has aimed at keeping certain general bank borrowing at fixed rate at appropriate level by entering into interest rate swap. In order to achieve this result, the Group entered into interest rate swap to hedge against certain exposures to changes in interest rates of certain bank borrowing.

Details of the Group's interest rate swap and bank borrowings entered into by the Group at the end of the reporting period are set out in Notes 25 and 34, respectively.

47. 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 including floating rate long-term loans receivable, advances to associates, advances to joint ventures, certain trade and other payables, other loans and bank borrowings and derivatives which are designated as effective hedging instruments for variable rate borrowing. Bank balances are not included in the analysis as the management expects that bank deposit rates do not fluctuate significantly. The analysis is prepared assuming that the change in interest rate had occurred at the end of the respective reporting period and had been applied to the exposure to interest rate risk for these financial assets and financial liabilities in existence at that date and outstanding for the whole year. The 50 basis points represent the best estimation of the possible change in the interest rates over the period until the end of the next reporting period.

At the end of the respective reporting periods, if interest rates had increased/decreased by 50 basis points and all other variables were held constant, the Group's profit for the year would have increased/decreased by HK\$27,172,190 (2020: HK\$19,771,154) and hedging reserve would have decreased/increased by HK\$4,175,000 (2020: HK\$4,175,000) as a result of fair value adjustment of derivatives which are designated as effective hedging instruments for variable rate borrowing.

Other price risk

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

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

47. Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk sensitivity analysis

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

	2021 HK\$	2020 HK\$
Equity and debt instruments at FVTOCI		
Increase (decrease) in investment revaluation reserve		
– as a result of increase in price	44,701,886	33,833,437
– as a result of decrease in price	<u>(44,701,886)</u>	<u>(33,833,437)</u>
Equity instruments at FVTPL		
Increase (decrease) in profit for the year		
– as a result of increase in price	637,363	524,724
– as a result of decrease in price	<u>(637,363)</u>	<u>(524,724)</u>

Credit risk and impairment assessment

As at 30th June, 2021 and 2020, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of financial guarantee contracts provided by the Group is disclosed in Note 42.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debt and the credit concentration of debt instruments on a regular basis. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

47. Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

In addition, the Group performs impairment assessment under ECL model on trade receivables based on collective assessment. Impairment of HK\$44,207,974 (2020: HK\$16,007,652) is recognised during the year. Details of the quantitative disclosures are set out below in this note.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/ other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Apart from trade receivables of HK\$75,359,552 (2020: HK\$34,023,242) which is considered to be credit-impaired, the management of the Group considers that the other financial assets (including other receivables, loans receivable, advances to associates/joint ventures, amounts due from associates/joint ventures/non-controlling interests, restricted bank deposits, time deposits, bank balances and debt instruments at FVTOCI) have low credit risk because the probability of default of the counterparties is insignificant or these items do not have any past due amounts. Accordingly, the Group performed impairment assessment individually based on 12m ECL and no allowance for credit losses is provided.

With respect to credit risk arising from other receivables, the Group's exposure to credit risk arising from default of the counterparty is limited as the counterparty has good history of repayment and/or in good financial condition. Accordingly, the Group does not expect to incur a significant loss for uncollected other receivables.

With respect to credit risk arising from loans receivable, the Group's exposure to credit risk arising from the counterparty is limited as each outstanding loans are secured by the properties purchased by the buyers and the fair value of each property exceeds the outstanding loan amount on an individual basis.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

47. Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

With respect to credit risk arising from advances to associates/joint ventures and amounts due from associates/joint ventures/non-controlling interests, the Group's exposure to credit risk arising from default of the counterparty is limited as the counterparty engages in property investment or property development in Hong Kong and the underlying properties are of high quality. Accordingly, the Group does not expect to incur a significant loss for uncollected advances to associates/joint ventures and amounts due from associates/joint ventures/non-controlling interests.

With respect to credit risk on debt instruments at FVTOCI, the Group only invests in debt security with low credit risk. The Group's debt instruments at FVTOCI mainly comprises listed bonds. During the years ended 30th June, 2021 and 2020, ECL on debt instruments at FVTOCI was assessed to be negligible.

With respect to credit risks on restricted bank deposits, time deposits and bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

For trade receivables, the Group uses debtors' aging to assess the impairment for its customers in relation to its property rental operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

During the year ended 30th June, 2021, no allowance for credit losses is provided on overdue trade receivables with gross carrying amount HK\$299,902,177 (2020: HK\$246,058,292) by using collective assessment because the Group considered that credit losses on these trade receivables are insignificant.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the customers and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific customer is updated.

As at 30th June, 2021, credit-impaired trade receivables of HK\$75,359,552 (2020: HK\$34,023,242) were assessed individually.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

47. Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows reconciliation of loss allowance that has been recognised for trade receivables.

	Lifetime ECL (credit-impaired) <i>HK\$</i>
As at 1st July, 2019	21,298,834
New financial assets originated or purchased	16,007,652
Changes due to financial instruments recognised as at 1st July, 2019	
– Impairment loss reversed	(87,675)
– Write-off	<u>(3,195,569)</u>
As at 30th June, 2020	34,023,242
New financial assets originated or purchased	44,207,974
Changes due to financial instruments recognised as at 1st July, 2020	
– Impairment loss reversed	(1,821,396)
– Write-off	<u>(1,050,268)</u>
As at 30th June, 2021	<u>75,359,552</u>

As at 30th June, 2021, no allowance for credit losses is provided (2020: nil) for loans receivable which are credit-impaired.

The following table shows reconciliation of loss allowance that has been recognised for loans receivable.

	Lifetime ECL (credit-impaired) <i>HK\$</i>
As at 1st July, 2019	2,245,503
Amounts written off	<u>(2,245,503)</u>
As at 30th June, 2020 and 2021	<u>–</u>

Other than concentration of credit risk on advances to associates/joint ventures and amounts due from associates/joint ventures/non-controlling interests, the Group does not have any other significant concentration of credit risk in which exposure is spread over a large number of counterparties.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

47. Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk

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

The following table details the Group's contractual maturity for its non-derivative financial liabilities and derivative instruments based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Repayable on demand or less than 1 month HK\$	1 – 3 months HK\$	3 months to 1 year HK\$	1 – 2 years HK\$	2 – 5 years HK\$	Over 5 years HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
2021									
Trade and other payables									
non-interest bearing	N/A	1,117,395,886	36,722,932	940,608,393	431,764,700	143,609,692	10,179,389	2,680,280,992	2,680,280,992
Other liabilities									
non-interest bearing	0.95	1,035,176,477	778,247,117	-	1,785,462,334	-	-	3,598,885,928	3,590,571,649
fixed rate	6.25	385,949	771,899	3,473,545	74,102,290	-	-	78,733,683	74,102,290
Borrowings									
non-interest bearing	N/A	-	-	-	1,354,014,967	-	-	1,354,014,967	1,354,014,967
variable rate	0.72	2,002,158,553	4,317,107	862,992,614	1,423,720,127	1,015,431,500	-	5,308,619,901	5,250,871,875
Financial guarantee contracts	N/A	513,423,879	-	3,678,000,000	1,400,000,000	7,853,254,292	-	13,444,678,171	-
		<u>4,668,540,744</u>	<u>820,059,055</u>	<u>5,485,074,552</u>	<u>6,469,064,418</u>	<u>9,012,295,484</u>	<u>10,179,389</u>	<u>26,465,213,642</u>	<u>12,949,841,773</u>
Derivatives – net settlement									
Interest rate swap	N/A	<u>2,379,675</u>	<u>-</u>	<u>7,304,632</u>	<u>8,526,790</u>	<u>3,476,588</u>	<u>-</u>	<u>21,687,685</u>	<u>16,763,368</u>
Lease liabilities	1.65	<u>4,638,762</u>	<u>8,835,892</u>	<u>36,503,418</u>	<u>19,661,259</u>	<u>147,100</u>	<u>-</u>	<u>69,786,431</u>	<u>68,977,761</u>

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

47. Financial instruments (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate %	Repayable on demand or less than 1 month HK\$	1 – 3 months HK\$	3 months to 1 year HK\$	1 – 2 years HK\$	2 – 5 years HK\$	Over 5 years HK\$	Total undiscounted cash flows HK\$	Carrying amount HK\$
2020									
Trade and other payables									
non-interest bearing	N/A	2,108,593,880	28,603,279	885,272,558	450,078,463	136,708,456	15,503,426	3,624,760,062	3,624,760,062
variable rate	5.00	38,290,090	-	-	-	-	-	38,290,090	38,290,090
Other liabilities									
non-interest bearing	2.36	1,709,937,674	738,712,759	-	1,661,242,258	-	-	4,109,892,691	4,090,697,323
fixed rate	6.25	371,582	743,163	3,344,235	71,343,674	-	-	75,802,654	71,343,674
Borrowings									
non-interest bearing	N/A	-	-	-	1,338,591,095	-	-	1,338,591,095	1,338,591,095
variable rate	1.15	5,004,853	10,009,707	982,394,905	2,873,637,101	1,619,800,215	-	5,490,846,781	5,358,149,486
Financial guarantee contracts	N/A	502,404,617	-	1,332,000,000	2,598,000,000	6,826,125,700	-	11,258,530,317	-
		<u>4,364,602,696</u>	<u>778,068,908</u>	<u>3,203,011,698</u>	<u>8,992,892,591</u>	<u>8,582,634,371</u>	<u>15,503,426</u>	<u>25,936,713,690</u>	<u>14,521,831,729</u>
Derivatives – net settlement									
Interest rate swap	N/A	326,167	652,333	2,935,500	3,914,000	10,437,333	-	18,265,333	17,936,434
Lease liabilities	3.20	4,710,212	9,344,334	19,171,202	7,434,463	264,543	-	40,924,754	39,568,770

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. At the end of the reporting period, financial guarantee contracts are measured at the higher of: (i) the amount determined in accordance with HKFRS 9; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised over the guarantee period. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

47. Financial instruments (Continued)

Fair value measurements

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

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1, Level 2 and Level 3 based on the degree to which the fair value is observable.

	2021 HK\$	2020 HK\$	Fair value hierarchy
Financial assets			
Equity instruments at FVTOCI			
– Listed equity securities (Note a)	714,986,411	567,442,431	Level 1
– Listed perpetual bonds (Note b)	47,576,457	83,630,593	Level 2
Debt instruments at FVTOCI			
– Listed debt securities (Note b)	37,733,871	25,595,725	Level 2
Unlisted investments (Note c)	96,702,563	2,961,578	Level 3
Financial assets at FVTPL			
– Listed equity securities (Note a)	<u>15,266,180</u>	<u>12,568,237</u>	Level 1
Financial liability			
Derivative financial instrument			
– Interest rate swap (Note d)	<u>16,763,368</u>	<u>17,936,434</u>	Level 2

Notes:

- (a) The fair values of all listed equity securities are determined with reference to quoted market prices in an active market as at 30th June, 2021 and 2020.
- (b) The fair values of all listed perpetual bonds and debt securities are determined with reference to quoted market prices provided by financial institutions as at 30th June, 2021 and 2020.
- (c) As at 30th June, 2021 and 2020, the Directors of the Company consider the costs of unlisted investments approximate their fair values.
- (d) In April 2020, a wholly-owned subsidiary of Sino Land entered into an interest rate swap contract with a bank with aggregate notional amount of HK\$1,000,000,000. Such interest rate swap contract has the economic effect of converting borrowing from a floating rate based on HIBOR to a fixed rate. The interest rate swap was entered into for mitigating the interest rate exposure on a specific borrowing and is designated as a hedging instrument that is subject to cash flow hedge accounting.

The fair value of the interest rate swap is determined with reference to discounted cash flow as at 30th June, 2021 and 2020. Future cash flows are estimated based on forward interest rate (from observable forward interest rates at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

47. Financial instruments (Continued)

Fair values of financial instruments

There was no transfer among different levels of the fair value hierarchy in the current and prior year.

Reconciliation of Level 3 fair value measurements of financial assets

	HK\$
Unlisted investments	
At 1st July, 2019 and 30th June, 2020	2,961,578
Purchases	93,740,985
At 30th June, 2021	96,702,563

48. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest and other finance costs payable HK\$	Advances from associates HK\$	Amounts due to associates HK\$	Advances from non-controlling interests HK\$	Amounts due to non-controlling interests HK\$	Bank borrowings HK\$	Other loans HK\$	Lease liabilities HK\$	Total HK\$
At 1st July, 2019	2,619,383	1,622,090,423	2,637,954,369	106,579,069	881,155,371	5,026,688,387	1,433,633,738	81,034,476	11,791,755,216
Financing cash flows	(114,989,468)	(48,279,123)	(928,016,695)	36,133,148	(142,442,612)	221,333,333	15,268,371	(53,979,924)	(1,014,972,970)
Finance costs	117,334,955	16,062,416	-	-	-	2,173,995	13,135,359	2,051,142	150,757,867
Fair value adjustments	-	(19,195,369)	-	-	-	-	(11,647,643)	-	(30,843,012)
New leases entered	-	-	-	-	-	-	-	10,463,076	10,463,076
Exchange realignment	-	-	-	-	-	-	(3,844,959)	-	(3,844,959)
At 30th June, 2020	4,964,870	1,570,678,347	1,709,937,674	142,712,217	738,712,759	5,250,195,715	1,446,544,866	39,568,770	10,903,315,218
Financing cash flows	(59,104,143)	124,330,704	(674,761,197)	2,647,986	39,534,358	(1,666,667)	(96,191,376)	(55,693,615)	(720,903,950)
Finance costs	58,910,286	19,195,369	-	-	-	2,342,827	11,647,643	1,488,130	93,584,255
Fair value adjustments	-	(8,314,278)	-	-	-	-	(11,781,853)	-	(20,096,131)
New leases entered	-	-	-	-	-	-	-	83,586,263	83,586,263
Exchange realignment	-	-	-	-	-	-	3,795,687	28,213	3,823,900
At 30th June, 2021	4,771,013	1,705,890,142	1,035,176,477	145,360,203	778,247,117	5,250,871,875	1,354,014,967	68,977,761	10,343,309,555

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

49. Related party disclosures

The Group had the following transactions with related parties:

(a) Related companies

	2021 HK\$	2020 HK\$
Service fees received (Note i)	236,104,741	252,735,810
Lease/rental payments (Note i)	60,463,168	68,556,079
Consultancy fee paid (Note ii)	2,083,330	2,083,330
	<u>298,651,239</u>	<u>323,375,219</u>

(b) Associates and joint ventures

	2021 HK\$	2020 HK\$
Service fees paid (Note i)	32,774,831	32,191,745
Administrative fees received (Note iii)	60,318,775	63,818,787
Interest income received (Note iv)	37,835,484	41,495,260
	<u>130,929,090</u>	<u>137,505,792</u>

Note i: Mr. Robert Ng Chee Siong, Director and the controlling shareholder of the Company, was interested in these transactions as he holds controlling interests and directorships of the related companies. These related party transactions also constitute continuing connected transactions and have complied with the requirements of Chapter 14A of The Listing Rules, details of which are disclosed on pages 54 to 60 in the Directors' report.

Note ii: The consultancy fee was paid to Ronald Arculli and Associates, of which The Honourable Ronald Joseph Arculli, Non-Executive Director of the Company, is a sole proprietor. This also constitutes an exempted connected transaction under Chapter 14A of the Listing Rules.

Note iii: Included in the administrative fees received, HK\$58,978,646 (2020: HK\$63,721,587) represent administrative fees received from associates and joint ventures in which Mr. Robert Ng Chee Siong has controlling interests and directorships. These related party transactions also constitute exempted connected transactions under Chapter 14A of the Listing Rules.

Note iv: Included in the interest income received, HK\$27,283,217 (2020: HK\$25,085,327) represent interest income received from associates and joint ventures in which Mr. Robert Ng Chee Siong has controlling interests and directorships. These related party transactions also constitute exempted connected transactions under Chapter 14A of the Listing Rules.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

49. Related party disclosures (Continued)

Included in the advances to associates, amounts due to associates, advances from associates, amounts due from associates and advances to joint ventures are amounts of HK\$2,150,784,320 (2020: HK\$2,183,122,365), HK\$3,209,793 (2020: HK\$2,181,576), HK\$921,877,428 (2020: HK\$1,376,557,046), HK\$1,027,802,449 (2020: HK\$710,679,026) and HK\$693,706,033 (2020: HK\$682,767,619) which represent the balances with the respective associates and joint ventures in which Mr. Robert Ng Chee Siong, Director and the controlling shareholder of the Company, has controlling interests and directorships. The advances are provided by the shareholders of the associates and joint ventures on a several and proportional basis. Other than the aforesaid, details of the outstanding balances with associates, joint ventures and non-controlling interests as well as interest-free unsecured other loans at the end of the reporting period are set out in the Group's consolidated statement of financial position and in Notes 22, 23, 26, 35, 38 and 39.

In addition, as set out in Notes 34 and 42, the Group has pledged certain assets and granted guarantees to banks for facilities granted to the subsidiaries of Sino Land, the associates and joint ventures.

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

Compensation of key management personnel

The remuneration of Directors during the year was as follows:

	2021 HK\$	2020 HK\$
Short-term benefits	2,800,495	4,477,112
Retirement benefit scheme contributions	1,500	13,500
	<u>2,801,995</u>	<u>4,490,612</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, 2021

50. Statement of financial position and reserve movements of the Company

Statement of financial position of the Company

	2021 HK\$	2020 HK\$
Non-current assets		
Investments in subsidiaries (Note)	10,930,225,090	9,968,530,972
Advances to subsidiaries	14,608,246,966	13,467,917,178
	<u>25,538,472,056</u>	<u>23,436,448,150</u>
Current assets		
Trade and other receivables	52,034	321,704
Time deposits, bank balances and cash	41,056,566	38,591,023
	<u>41,108,600</u>	<u>38,912,727</u>
Current liability		
Trade and other payables	4,879,246	4,743,898
Net current assets	<u>36,229,354</u>	<u>34,168,829</u>
Total assets less current liabilities	<u>25,574,701,410</u>	<u>23,470,616,979</u>
Capital and reserves		
Share capital	15,341,990,386	14,302,286,718
Retained profits	10,232,711,024	9,168,330,261
Total equity	<u>25,574,701,410</u>	<u>23,470,616,979</u>

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

Approved and authorised for issue by the Board of Directors on 26th August, 2021 and are signed on its behalf by:

Robert NG Chee Siong
Chairman

Daryl NG Win Kong
Deputy Chairman

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

50. Statement of financial position and reserve movements of the Company (Continued)

Reserve movements of the Company

	Retained profits <i>HK\$</i>
At 1st July, 2019	<u>8,193,234,532</u>
Profit and total comprehensive income for the year	<u>1,997,730,241</u>
Final dividend – 2019	(759,176,931)
Interim dividend – 2020	<u>(263,457,581)</u>
At 30th June, 2020	<u>9,168,330,261</u>
Profit and total comprehensive income for the year	<u>2,109,718,500</u>
Final dividend – 2020	(775,917,297)
Interim dividend – 2021	<u>(269,420,440)</u>
At 30th June, 2021	<u>10,232,711,024</u>

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

51. Principal subsidiaries

The Directors are of the opinion that a complete list of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries at 30th June, 2021 and 2020 which materially affected the results or assets and liabilities of the Group.

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			Principal activities	
			2021	2020			
			Directly %	Indirectly %	Total %	Total %	
Acclaim Investment Limited	Hong Kong	HK\$2	100	-	100	100	Securities investment
Accomplishment Investment Limited	Hong Kong	HK\$2	100	-	100	100	Securities investment
Ackerley Estates Limited	Hong Kong	HK\$20,000,000	-	100	100	100	Property investment
Active Success Development Limited	Hong Kong	HK\$2	-	100	100	100	Property trading and investment
Advance Profit Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Alfaso Investment Limited	Hong Kong	HK\$20,000	-	100	100	100	Property investment
Allbright Global Investments, S.A.	British Virgin Islands/ Hong Kong	US\$200	100	-	100	100	Securities investment
Allways Success Finance Limited	Hong Kong	HK\$10	-	100	100	100	Mortgage loan financing
Ample Way Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Apex Speed Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Asia Joint Limited	Hong Kong	HK\$1	-	100	100	100	Consultancy services
Asian View Development Limited	Hong Kong	HK\$1	-	100	100	100	Property trading
Beauty Plaza Limited	Hong Kong	HK\$20,000	-	100	100	100	Property investment
Benefit Bright Limited	Hong Kong	HK\$2	-	100	100	100	Property trading and investment
Best General Limited	Hong Kong	HK\$2	100	-	100	100	Investment holding
Best Origin Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Best Result Environmental Services Limited	Hong Kong	HK\$2	-	100	100	100	Cleaning services
Best Wisdom Development Limited	Hong Kong	HK\$1	-	100	100	100	Property development
Bestone Limited	Hong Kong	HK\$2	-	100	100	100	Property trading
Bright Global Holdings Limited	Hong Kong	HK\$1	-	100	100	100	Financing
Bright Land Development Limited	Hong Kong	HK\$1	-	100	100	100	Property trading and investment
Brighter Investment Company Limited	Hong Kong	HK\$400,000	100	-	100	100	Securities investment
Brighton Development Limited	Hong Kong	HK\$2	-	100	100	100	Property development
Capital Faith (Hong Kong) Limited	Hong Kong	HK\$1	-	52.6	52.6	52.6	Property investment
Central Wisdom Limited	Hong Kong	HK\$2	-	100	100	100	Property trading
Century Link (Hong Kong) Limited	Hong Kong	HK\$1	-	52.6	52.6	52.6	Property investment
Century Profit Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Champion Asia Investments Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Champion Rise Limited	Hong Kong	HK\$2	-	100	100	100	Property investment

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

51. Principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			Principal activities	
			2021		2020		
			Directly %	Indirectly %	Total %		
Champion Top Development Limited	Hong Kong	HK\$2	-	100	100	100	Property development
Cheer Asia Development Limited	Hong Kong	HK\$1	-	100	100	100	Property investment
Cheer Result Limited	Hong Kong	HK\$2	-	100	100	100	Property trading and investment
Cheer View Holdings Limited	Hong Kong	HK\$1	-	100	100	100	Property development
Citywalk Management Company Limited	Hong Kong	HK\$2	-	100	100	100	Building management
Citywalk 2 Management Company Limited	Hong Kong	HK\$2	-	100	100	100	Building management
Corinthia By The Sea Finance Company Limited	Hong Kong	HK\$1	-	60	60	60	Mortgage loan financing
Corinthia By The Sea Property Management Limited	Hong Kong	HK\$1	-	60	60	60	Building management
Crenshaw Investment Limited	Hong Kong	HK\$2	100	-	100	100	Securities investment
Danford Development Limited	Hong Kong	HK\$1	-	100	100	100	Property development
Deveron (SL) Secretaries Limited	Hong Kong	HK\$1	-	100	100	100	Secretarial services
Deveron (TSTP) Secretaries Limited	Hong Kong	HK\$1	-	100	100	100	Secretarial services
Dragon (Hong Kong) Limited	Hong Kong	HK\$2	-	100	100	100	Property trading and investment
e.Sino Company Limited	Hong Kong	HK\$2	-	100	100	100	Investment holding
Elegant Lane Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Elite Land Development Limited	Hong Kong	HK\$1	-	100	100	100	Property trading
Entertainment City Limited	Hong Kong	HK\$4,500,000	-	100	100	100	Property investment
Ever Champion Development Limited	Hong Kong	HK\$2	-	100	100	100	Property trading
Excel Wisdom Development Limited	Hong Kong	HK\$1	-	52.6	52.6	52.6	Property investment
Falcon City Limited	Hong Kong	HK\$2	-	100	100	100	Property trading and investment
Falcon Land Limited	Hong Kong	HK\$1	-	100	100	100	Property development
Famous General Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Famous Palace Properties Limited	Hong Kong	HK\$20,000	-	100	100	100	Property investment
Far Gain Limited	Hong Kong	HK\$10,000	-	100	100	100	Property investment
Forlink Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Fortune Glory Investments Limited	Hong Kong	HK\$1	-	100	100	100	Property investment
Free Champion Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Fu King Investment Limited	Hong Kong	HK\$1,000,000	-	100	100	100	Investment holding
Full Fair Limited	Hong Kong	HK\$2	-	100	100	100	Property trading and investment
Fullerton Hotels & Resorts Pte. Ltd.	Singapore	S\$10,000	-	100	100	100	Management services

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

51. Principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			Principal activities	
			2021		2020		
			Directly %	Indirectly %	Total %		
Fullerton Hotels & Resorts Management Pty Ltd	Australia	AUD10,000	–	100	100	100	Management services
Fung Yuen Construction Company Limited	Hong Kong	HK\$1,000,000	–	100	100	100	Building construction
Fuwin Investment Limited	British Virgin Islands	US\$1	–	100	100	100	Investment holding
Global Honest Finance Limited	Hong Kong	HK\$2	–	100	100	100	Mortgage loan financing
Globaland Development Limited	Hong Kong	HK\$2	–	100	100	100	Property trading and investment
Glorypark Limited	Hong Kong	HK\$1,000	–	100	100	100	Property investment
Golden Leaf Investment Limited	Hong Kong	HK\$20,000	–	100	100	100	Property investment
Good Champion Development Limited	Hong Kong	HK\$2	–	100	100	100	Property investment
Grace Rays Limited	Hong Kong	HK\$2	–	100	100	100	Property investment
Grand Central Finance Company Limited	Hong Kong	HK\$10	–	90	90	90	Mortgage loan financing
Grand Creator Investment (BVI) Limited	British Virgin Islands/ Hong Kong	US\$10	–	60	60	60	Investment holding
Grand Creator Investment Limited	Hong Kong	HK\$2	–	60	60	60	Property trading
Grand Empire Investment Limited	Hong Kong	HK\$2	–	100	100	100	Project management
Grand Rise Investments Limited	Hong Kong	HK\$1	–	52.6	52.6	52.6	Property investment
Grand Start Holdings Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	100	100	Investment holding
Grandeal Limited	Hong Kong/PRC	HK\$2	–	100	100	100	Property trading
Handsome Lift Investment (CI) Limited	Cayman Islands/Hong Kong	US\$1	–	100	100	100	Property investment
Hang Hau Station (Project Management) Limited	Hong Kong	HK\$2	–	60	60	60	Project management
Harley Investments Limited	Hong Kong	HK\$1	–	52.6	52.6	52.6	Property investment
Harvest Sun Limited	Hong Kong	HK\$2	–	100	100	100	Property trading and investment
Harvestrade Investment Limited	Hong Kong	HK\$20,000	–	100	100	100	Property trading and investment
HCP Hong Kong Fully Co Ltd	Cayman Islands/Hong Kong	US\$1	–	100	100	100	Property investment
Hickson Limited	Hong Kong	HK\$20	–	100	100	100	Property investment
High Elite Finance Limited	Hong Kong	HK\$2	–	100	100	100	Mortgage loan financing
High Elite Limited	Hong Kong	HK\$2	–	100	100	100	Property investment
Hong Kong Elite Limited	Hong Kong	HK\$2	–	100	100	100	Property investment
Jade Bird Development Limited	Hong Kong	HK\$100,000	–	100	100	100	Property trading and investment
Jade Line Limited	Hong Kong	HK\$2	–	100	100	100	Property investment
Jade Mate Limited	Hong Kong	HK\$2	–	100	100	100	Property investment
Jade Pine Limited	Hong Kong	HK\$20,000	–	100	100	100	Property investment

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

51. Principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			2020 Total %	Principal activities
			2021				
			Directly %	Indirectly %	Total %		
Jet Fame (Hong Kong) Limited	Hong Kong	HK\$1	-	52.6	52.6	52.6	Property investment
Jet Rise Limited	Hong Kong	HK\$2	-	100	100	100	Property trading and investment
Jet Union Development Limited	Hong Kong	HK\$1	-	60	60	60	Property trading and investment
Joint Prospect Limited	Hong Kong	HK\$1	-	52.6	52.6	52.6	Property investment
Joint Rise Development Limited	Hong Kong	HK\$1	-	100	100	100	Property investment
Joy Rise Limited	Hong Kong	HK\$1	-	100	100	100	Property trading
Ka Fai Land Investment Limited	Hong Kong	HK\$500,000	100	-	100	100	Securities investment
King Century Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
King Chance Development Limited	Hong Kong	HK\$2	-	100	100	100	Investment holding
King Regent Limited	Hong Kong	HK\$1	-	85	85	85	Property trading and investment
Kingdom Investment Limited	Hong Kong	HK\$2	-	100	100	100	Property trading and investment
Kingsfield International Investments Limited	Hong Kong	HK\$1	-	100	100	100	Property investment
Land Success Development Limited	Hong Kong	HK\$2	-	100	100	100	Property trading and investment
Lucky Fortress Inc.	British Virgin Islands/ Hong Kong	US\$1	-	100	100	100	Securities investment
Mailcoach Investment Limited	Hong Kong	HK\$2	100	-	100	100	Securities investment
Mayfair By The Sea I Finance Company Limited	Hong Kong	HK\$1	-	85	85	85	Mortgage loan financing
Mega Sino Limited	British Virgin Islands/ Hong Kong	US\$1	-	100	100	100	Investment holding
Megafood Development Limited	Hong Kong	HK\$1	-	100	100	100	Financing
Morbest Profits Limited	British Virgin Islands/ Hong Kong	US\$1	-	100	100	100	Securities investment
Multipurpose Investment Limited	Hong Kong	HK\$20,000	-	100	100	100	Property trading and investment
Nam Lung Properties Development Company Limited	Hong Kong	HK\$10,000,001	100	-	100	100	Investment holding
Nam Lung (Singapore) Pte. Ltd.	Singapore	S\$2	100	-	100	100	Securities dealing
New Realm Enterprises Limited	British Virgin Islands	US\$1	-	100	100	100	Investment holding
Nice Scene International Limited	British Virgin Islands/ Hong Kong	US\$1	-	100	100	100	Investment holding
Ocean Treasure (Hong Kong) Limited	Hong Kong	HK\$2	-	100	100	100	Property trading and investment

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

51. Principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			Principal activities	
			2021		2020		
			Directly %	Indirectly %	Total %		
Octerworth Enterprises Limited	Hong Kong	HK\$20,000	-	100	100	100	Property investment
Olympian City 1 (Project Management) Limited	Hong Kong	HK\$2	-	100	100	100	Project management
Olympian City 2 Finance Company Limited	Hong Kong	HK\$1,000	-	100	100	100	Mortgage loan financing
Olympian City 2 (Project Management) Limited	Hong Kong	HK\$2	-	100	100	100	Project management
Orchard Centre Holdings (Private) Limited	Singapore	S\$8,400,000	-	95	95	95	Property trading
Orchard Place (Pte.) Ltd.	Singapore	S\$1,000,000	-	95	95	95	Property trading
Orient Field Holdings Limited	Hong Kong	HK\$1	-	52.6	52.6	52.6	Property investment
Orient Harvest International Limited	Hong Kong	HK\$2	-	100	100	100	Property trading
Pacific Asia Limited	Hong Kong	HK\$1	-	100	100	100	Property development
Pacific Shine Limited	Hong Kong	HK\$1	-	100	100	100	Property development
Park Summit Commercial Management Company Limited	Hong Kong	HK\$1	-	100	100	100	Building management
Peace Success Development Limited	Hong Kong	HK\$2	-	100	100	100	Property trading
Perfect Green Supplies Company Limited	Hong Kong	HK\$1	-	100	100	100	Cleaning services
Perfect Sun Properties Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Precious Land Pte. Limited	Singapore	S\$2	-	100	100	100	Property investment
Precious Quay Pte. Ltd.	Singapore	S\$10,000	-	100	100	100	Hotel operation and property investment
Precious Treasure Pte Ltd	Singapore	S\$20,000,000	-	100	100	100	Hotel operation and property investment
Premium Living Limited	Hong Kong	HK\$2	-	100	100	100	Premium living services
Pridegate (CI) Limited	Cayman Islands/Hong Kong	US\$1	-	100	100	100	Property investment
Prime Harvest (Administration Services) Limited	Hong Kong	HK\$2	-	100	100	100	Management services
Prime Harvest Development Limited	Hong Kong	HK\$2	-	100	100	100	Property trading and investment
Primewin Properties Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Pui Chee Enterprises Limited	Hong Kong	HK\$1,000,000	100	-	100	100	Securities investment
Rainbow City Limited	Hong Kong	HK\$2	-	100	100	100	Property trading and investment
Ramage Investment Limited	Hong Kong	HK\$2	100	-	100	100	Securities investment
Rankchief Company Limited	Hong Kong	HK\$200	-	100	100	100	Property trading
Real Maker Development Limited	Hong Kong	HK\$200,000	-	90	90	90	Property investment
Regal Crown Development Limited	Hong Kong	HK\$1	-	100	100	100	Property development
Region One Investment Limited	Hong Kong	HK\$2	-	100	100	100	Property investment

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

51. Principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			Principal activities	
			2021		2020		
			Directly %	Indirectly %	Total %		
Rich Tact International (CI) Limited	Cayman Islands/Hong Kong	US\$1	–	100	100	100	Property investment
Rich Treasure Investments Limited	Hong Kong	HK\$1	–	100	100	100	Mortgage loan financing
Rickson Investment Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	100	100	Investment holding
Roystar Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	100	100	Investment holding
Ruddiman Trading Company Limited	Hong Kong	HK\$100,000	–	100	100	100	Investment holding
Saky Investment (CI) Limited	Cayman Islands/Hong Kong	US\$1	–	100	100	100	Property investment
Santander Investment Limited	Hong Kong	HK\$2	100	–	100	100	Securities investment
Serenity Park Building Management Limited	Hong Kong	HK\$10	–	100	100	100	Building management
Sharp Rise Company Limited	Hong Kong	HK\$2	–	100	100	100	Property trading
Sheen Honour Limited	Hong Kong	HK\$1	–	100	100	100	Property investment
Shine Harvest International Limited	Hong Kong	HK\$2	–	100	100	100	Property trading and investment
Sidak Investment Limited	Hong Kong	HK\$20,000	–	100	100	100	Property investment
Silver Palm Limited	Hong Kong	HK\$2	–	100	100	100	Property investment
Sincere Development Limited	Hong Kong	HK\$2	–	100	100	100	Property trading and investment
Sing-Ho Finance Company Limited	Hong Kong	HK\$30,000,000	–	100	100	100	Financing
Sino (Xiamen) Realty Development Co., Ltd. (Note i)	PRC	HK\$290,000,000	–	100	100	100	Property trading and investment
Sino Administration Services Limited	Hong Kong	HK\$3	–	100	100	100	Administration services
Sino Estates Management Limited	Hong Kong	HK\$6,500,000	–	100	100	100	Building management
Sino Estates Services Limited	Hong Kong	HK\$20	–	100	100	100	Building management
Sino Fortune Garden Inc.	British Virgin Islands/ Hong Kong	US\$1	–	100	100	100	Securities investment
Sino Land Company Limited (Listed in Hong Kong)	Hong Kong	HK\$53,211,962,913	24.7	30.5	55.2	54.8	Investment holding
Sino Land Finance Limited	Hong Kong	HK\$2	–	100	100	100	Deposit placing
Sino Land (Fuzhou) Co., Ltd. (Note i)	PRC	HK\$50,000,000	–	100	100	100	Property investment
Sino Land (Guangzhou) Company Limited (Note i)	PRC	US\$3,200,000	–	100	100	100	Property investment
Sino Land (Zhangzhou) Company Limited (Note i)	PRC	HK\$374,150,000	–	100	100	100	Property development, trading and investment
Sino Land Investment (Holdings) Ltd.	Cayman Islands/Hong Kong	US\$6,000,000	–	100	100	100	Investment holding
Sino Security Services Limited	Hong Kong	HK\$2	–	100	100	100	Security services
Sinoland China Investment Holdings Limited	Hong Kong	HK\$2	–	100	100	100	Investment holding

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

51. Principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			Principal activities	
			2021		2020		
			Directly %	Indirectly %	Total %		
Sky Base Properties Limited	Hong Kong	HK\$1	-	100	100	100	Investment holding
Sky Target (Hong Kong) Limited	Hong Kong	HK\$1	-	100	100	100	Property development
Sky Vision Development Limited	Hong Kong	HK\$1	-	52.6	52.6	52.6	Property investment
Smart Champion (Hong Kong) Limited	Hong Kong	HK\$1	-	100	100	100	Property development
Spangle Investment Limited	Hong Kong	HK\$2	100	-	100	100	Securities investment
Sparkling Investment Company Limited	Hong Kong	HK\$200	100	-	100	100	Securities investment
Standard Union Investment Limited	Hong Kong	HK\$2	-	100	100	100	Securities investment
Star Talent Development Limited	Hong Kong	HK\$1	-	100	100	100	Property trading and investment
Success One Investment Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Sunair Investment Company Limited	Hong Kong	HK\$2	-	100	100	100	Investment holding
Sunfairs International Limited	British Virgin Islands/ Hong Kong	US\$1	-	100	100	100	Investment holding
Sunny Force Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Sunrise Investment Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Super One Investment Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Thousand Growth Development Limited	Hong Kong	HK\$20,000	-	100	100	100	Property investment
Timeshare Development (CI) Limited	Cayman Islands/Hong Kong	US\$1	-	100	100	100	Property investment
Top Gallant Limited	Hong Kong	HK\$1	-	100	100	100	Property trading and investment
Top Harmony Development Limited	Hong Kong	HK\$10	-	60	60	60	Property development
Top Oasis Limited	Hong Kong	HK\$1	-	80	80	80	Property development
Trans China Investment Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Triple Reach International (CI) Limited	Cayman Islands/Hong Kong	US\$1	-	100	100	100	Property investment
Triumph One Limited	Hong Kong	HK\$10,000	-	100	100	100	Property trading and investment
Turbolink International Limited	British Virgin Islands/ Hong Kong	US\$1	-	100	100	100	Investment holding
Union Century (Hong Kong) Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Union Development Limited	Hong Kong	HK\$2	-	100	100	100	Property trading
Union Harvest Investments Limited	Hong Kong	HK\$2	-	100	100	100	Property development
Union Rich Development Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Union Score Investments Limited	Hong Kong	HK\$10	-	90	90	90	Property trading
Union Top Properties Limited	Hong Kong	HK\$1	-	52.6	52.6	52.6	Property investment
Union Vision Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
United Link Investments Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Vantage Plus Investments Limited	British Virgin Islands/ Hong Kong	US\$100	-	85	85	85	Investment holding
Vasilon Pte Ltd	Singapore	S\$2	-	100	100	100	Investment holding
Victory Top Properties Limited	Hong Kong	HK\$1	-	52.6	52.6	52.6	Property investment
Vision Land Limited	Hong Kong	HK\$1	-	100	100	100	Property development

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

51. Principal subsidiaries (Continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued share/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company			Principal activities	
			2021		2020		
			Directly %	Indirectly %	Total %		
Vista Commercial Management Company Limited	Hong Kong	HK\$2	-	100	100	100	Building management
Weiland Development Company Limited	Hong Kong	HK\$33,140,000	-	100	100	100	Property investment
Well Faith Limited	Hong Kong	HK\$1	-	100	100	100	Investment holding
Well Growth International Limited	British Virgin Islands/ Hong Kong	US\$1	-	100	100	100	Investment holding
Well Victory Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Wellord Investments Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Wendia Limited	Hong Kong	HK\$20	-	100	100	100	Property investment
Will Glory Company (CI) Limited	Cayman Islands/Hong Kong	US\$1	-	100	100	100	Property investment
Win Chanford Enterprises Limited	Hong Kong	HK\$1,000,000	-	52.6	52.6	52.6	Property investment
Win Harvest (HK) Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Winchamp Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Winning Limited	Hong Kong	HK\$1	-	100	100	100	Investment holding
Wisdom Power Holdings Limited	British Virgin Islands/ Hong Kong	US\$1	-	100	100	100	Investment holding
Wise Century Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
Wise Grand Limited	Hong Kong	HK\$1	-	52.6	52.6	52.6	Property investment
Wise Land Investments Limited	Hong Kong	HK\$1	-	100	100	100	Securities investment
World Ace Limited	Hong Kong	HK\$2	-	100	100	100	Property investment
World Empire Investment (CI) Limited	Cayman Islands/Hong Kong	US\$1	-	100	100	100	Property investment
World Talent (Hong Kong) Limited	Hong Kong	HK\$1	-	100	100	100	Property trading
Yue Man Square Management Company Limited	Hong Kong	HK\$1	-	100	100	100	Building management

Notes:

- i. Wholly foreign owned enterprises established in the PRC.
- ii. None of the subsidiaries had issued any debt securities at 30th June, 2021 and 2020.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

52. Principal associates

The Directors are of the opinion that a complete list of all associates will be of excessive length and therefore the following list contains only the particulars of associates at 30th June, 2021 and 2020 which materially affected the results of the year or form a substantial portion of the net assets of the Group.

Name of associate	Place of incorporation/ establishment/ operation	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
		2021 %	2020 %	
Indirect:				
Ace Glory Limited	Hong Kong	25	25	Property trading and investment
Astoria Estate Management Company Limited	Hong Kong	50	50	Building management
Best Profit Limited	Hong Kong	50	50	Property investment
Beverhill Limited	Hong Kong	20	20	Property investment
Boatswain Enterprises Limited	Hong Kong	20	20	Property investment
Brisbane Trading Company Limited	Hong Kong	50	50	Property trading
Century Rise Limited	Hong Kong	50	50	Property trading and investment
Cheer City Properties Limited	Hong Kong	20	20	Property investment
C.H.K.C. Building Management Limited	Hong Kong	25	25	Building management
Cosmos Door Limited	Hong Kong	50	50	Property investment
Credit World Limited	Hong Kong	20	20	Property trading
Direct Win Development Limited	Hong Kong	33.3	33.3	Property trading
Dynamic Wish Limited	Hong Kong	25	–	Property development
Eternal Honest Finance Company Limited	Hong Kong	50	50	Mortgage loan financing
Finedale Industries Limited	Hong Kong	33.3	33.3	Property investment
Full Raise International Limited	British Virgin Islands/ Hong Kong	25	25	Investment holding
Gloryland Limited	Hong Kong	33.3	33.3	Property investment
Grace Sign Limited	Hong Kong	30	30	Property trading
Grand Palisades Finance Company Limited	Hong Kong	20	20	Mortgage loan financing
Great Maker Limited	Hong Kong	30	30	Property trading
Greater Bay Area Homeland Development Fund (GP) Limited	Cayman Islands	12.3	12.3	General Partner
Greater Bay Area Homeland Investments Limited	Hong Kong	12.3	12.3	Investment holding
Greenroll Limited	Hong Kong	30	30	Hotel operation
Hua Qing Holdings Pte Ltd	Singapore	23.5	23.5	Investment holding

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

52. Principal associates (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
		2021 %	2020 %	
Indirect: (continued)				
Island Resort Estate Management Company Limited	Hong Kong	45	45	Building management
Joy Origin Holdings Limited	Hong Kong	40	40	Investment holding
Lead Bright Finance Limited	Hong Kong	20	20	Mortgage loan financing
Lead Bright Limited	Hong Kong	20	20	Property trading
Lohas Park Package Eleven (Project Management) Limited	Hong Kong	40	40	Project management
Lohas Park Package Thirteen (Project Management) Limited	Hong Kong	25	–	Project management
Million Success Limited	Hong Kong	25	25	Property investment
More Treasure Company Limited	Hong Kong	25	25	Property investment
Murdoch Investments Inc.	British Virgin Islands/ Hong Kong	45	45	Property investment
Nimble Limited	British Virgin Islands/ Hong Kong	45	45	Investment holding
Pacific Bond Limited	Hong Kong	35	35	Property trading and investment
Pembroke Development Investments Limited	British Virgin Islands/ Hong Kong	40	40	Property trading
Providence Bay Finance Company Limited	Hong Kong	35	35	Mortgage loan financing
Providence Bay Property Management Company Limited	Hong Kong	35	35	Building management
Providence Peak Finance Company Limited	Hong Kong	25	25	Mortgage loan financing
Providence Peak Property Management Company Limited	Hong Kong	25	25	Building management
Pui Hay Enterprises Limited	Hong Kong	50	50	Property trading
Sea Dragon Limited	Hong Kong	30	30	Property investment
Silver Link Investment Limited	Hong Kong	45	45	Property trading and investment
Sino Parking Services Limited	Hong Kong	50	50	Carpark operation
Sino Real Estate Agency Limited	Hong Kong	50	50	Real estate agency

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

52. Principal associates (Continued)

Name of associate	Place of incorporation/ establishment/ operation	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
		2021 %	2020 %	
Indirect: (continued)				
Sky Castle Limited	Hong Kong	40	40	Property development
Tat Lee Construction Company Limited	Hong Kong	25	25	Building construction
Teamer International Limited	Hong Kong	35	35	Property trading
The Coronation Estates Management Limited	Hong Kong	45	45	Building management
The Graces – Providence Bay Finance Company Limited	Hong Kong	50	50	Mortgage loan financing
The Graces – Providence Bay Property Management Company Limited	Hong Kong	50	50	Building management
The Hermitage Estates Management Limited	Hong Kong	50	50	Building management
Union King (Hong Kong) Limited	Hong Kong	45	45	Property investment
United Best Hong Kong Limited	Hong Kong	40	40	Property trading
Victory World Limited	Hong Kong	50	50	Property trading and investment
Wide Harvest Investment Limited	Hong Kong	25	25	Property investment
Wisekey Investment Limited	British Virgin Islands/ Hong Kong	50	50	Investment holding
中海信和(成都)物業發展有限公司(Notes)	PRC	20	20	Property development and trading
信和置業(成都)有限公司(Notes)	PRC	20	20	Property development and trading

Note: Wholly foreign owned enterprises established in the PRC.

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

53. Principal joint ventures

The Directors are of the opinion that a complete list of all joint ventures will be of excessive length and therefore the following list contains only the particulars of joint ventures at 30th June, 2021 and 2020 which materially affected the results of the year or form a substantial portion of the net assets of the Group.

Name of joint venture	Place of incorporation/ establishment/ operation	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
		2021 %	2020 %	
Indirect:				
Asia Bright Development Limited	Hong Kong	22.5	22.5	Investment holding
Best Profile Limited	British Virgin Islands	50	50	Investment holding
Bright Insight Limited	Hong Kong	30	30	Investment holding
Bright Treasure Properties Limited	Hong Kong	30	30	Investment holding
Empire Funds Limited	Hong Kong	50	50	Property trading
Enterprico Investment Limited	Hong Kong	52.5	52.5	Loan financing
		<i>(Note i)</i>	<i>(Note i)</i>	
Famous Empire Properties Limited	Hong Kong	50	50	Property trading and investment
Far East Martin Trust	Australia	50	50	Hotel operation
Fortune Access Holdings Limited	British Virgin Islands	25	25	Investment holding
Grand Ample Limited	Hong Kong	33.3	33.3	Property development
Grand Apex Limited	Hong Kong	60	60	Property development and investment
		<i>(Note i)</i>	<i>(Note i)</i>	
Grand Site Development Limited	Hong Kong	50	50	Property investment
Grand Victoria Finance Company Limited	Hong Kong	22.5	–	Mortgage loan financing
Great Universe Development (Shenzhen) Co., Ltd.	PRC	30	30	Property development
		<i>(Note ii)</i>		
High Crown Holdings Limited	Hong Kong	50	50	Property development
Kam Sheung Road Station Package One (Project Management) Limited	Hong Kong	33.3	33.3	Project management
Lee Tung Avenue Management Company Limited	Hong Kong	50	50	Building management
Martin Heritage Management Pty Ltd	Australia	50	50	Trustee
Parkland (Hong Kong) Limited	Hong Kong	60	60	Hotel development and operation
		<i>(Note i)</i>	<i>(Note i)</i>	
Precious Heritage Pte. Limited	British Virgin Islands	50	50	Investment holding

Notes to the consolidated financial statements (Continued)

For the year ended 30th June, 2021

53. Principal joint ventures (Continued)

Name of joint venture	Place of incorporation/ establishment/ operation	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
		2021 %	2020 %	
Indirect: (continued)				
Rich Century Investment Limited	Hong Kong	50	50	Property investment
Sky Asia Properties Limited	Hong Kong	22.5	22.5	Property development
Star Galaxy Limited	Hong Kong	22.5	–	Property management
The Avenue Finance Company Limited	Hong Kong	50	50	Mortgage loan financing
Top Regent Holdings Limited	Hong Kong	33.3	33.3	Investment holding
Tower Beyond Limited	Hong Kong	50	50	Investment holding
Vanguard Insight Limited	Hong Kong	50	50	Investment holding
WCH Property Development Company Limited	Hong Kong	25	25	Property development
Wise Link Management Limited	Hong Kong	50	50	Building management
深圳前晉置業有限公司/(Note ii)	PRC	50	50	Property development

Notes:

- (i) Sino Land through its subsidiaries holds more than 50% interests in these joint ventures. These joint ventures are considered as subsidiary undertakings under the Hong Kong Companies Ordinance. However, under the respective contractual arrangements, the Group does not control these joint ventures as the decisions about relevant activities require the unanimous consent of the parties sharing the control.
- (ii) Wholly foreign owned enterprises established in the PRC.

Disclosure pursuant to Rule 13.22 of the Listing Rules

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

	At 30th June, 2021 HK\$	At 30th June, 2020 HK\$
Sino Land’s share of total indebtedness of its affiliated companies		
– Bank loans	9,432,861,175	8,272,437,096
Advances from Sino Land and its subsidiaries	<u>22,975,749,927</u>	<u>19,149,954,298</u>
	<u>32,408,611,102</u>	<u>27,422,391,394</u>
Sino Land’s share of capital commitments and contingent liabilities of its affiliated companies	<u>–</u>	<u>–</u>

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

Major properties held by the Group

(A) Properties for investment and hotels

Property name	Location
HONG KONG ISLAND	
No. 1 Chatham Path	Mid-levels
38 Repulse Bay Road	Hong Kong South
148 Electric Road	North Point
Central Plaza	18 Harbour Road, Wan Chai
The Centrium, office	60 Wyndham Street, Central
The Centrium, retail	60 Wyndham Street, Central
Conrad Hong Kong	Pacific Place, 88 Queensway
Harbour Centre	Harbour Road & Fleming Road
The Hennessy	256 Hennessy Road, Wan Chai
The Hillside	9 Sik On Street, Wan Chai
Hollywood Centre	233 Hollywood Road
Island Resort Mall	28 Siu Sai Wan Road, Chai Wan
The Johnston	74-80 Johnston Road, Wan Chai
Lee Tung Avenue	200 Queen's Road East, Wan Chai
Marina House	68 Hing Man Street, Shau Kei Wan
One Capital Place	18 Luard Road, Wan Chai
Pacific Palisades	1 Braemar Hill Road
Pacific Plaza	418 Des Voeux Road West
The Staunton	22 Staunton Street, Central
25/F United Centre	Queensway
KOWLOON	
No. 1 Hung To Road	Kwun Tong
The Astrid	180 Argyle Street
The Avery Shopping Arcade	12, 16 and 18 Hau Wong Road
Cameron Plaza	23 Cameron Road, Tsim Sha Tsui
The Camphora	51-52 Haiphong Road
China Hong Kong City	33 Canton Road, Tsim Sha Tsui
Coronation Circle	1 Yau Cheung Road, South West Kowloon
Corporation Square	8 Lam Lok Street, Kowloon Bay
Exchange Tower	33 Wang Chiu Road, Kowloon Bay
Fullerton Centre	19 Hung To Road, Kwun Tong
Futura Plaza	111-113 How Ming Street, Kwun Tong
Hong Kong Pacific Centre	28 Hankow Road, Tsim Sha Tsui
Kwun Tong Harbour Plaza	182 Wai Yip Street, Kwun Tong
Kwun Tong Plaza	68 Hoi Yuen Road, Kwun Tong
Maison Rosé	270 Cheung Sha Wan Road, Cheung Sha Wan
Olympian City 1	11 Hoi Fai Road, MTR Olympic Station
Olympian City 2	18 Hoi Ting Road, MTR Olympic Station
Olympian City 3	1 Hoi Wang Road, South West Kowloon

Lease expiry	Group's interest (%)	Gross floor area attributable to the Group (square feet)	Attributable gross floor area (square feet)					Attributable number of carpark spaces
			Residential	Commercial	Industrial	Hotel	Carpark	
2072	55.2%	4,302	4,302	-	-	-	-	-
2084	55.2%	6,689	6,689	-	-	-	-	-
2047	55.2%	108,886	-	108,886	-	-	-	-
2047	5.5%	77,224	-	77,224	-	-	-	-
2047	55.2%	94,421	-	94,421	-	-	-	-
2047	38.6%	6,881	-	6,881	-	-	-	-
2047	16.5%	91,293	-	-	-	91,293	-	-
2128	9.7%	23,217	-	23,217	-	-	-	-
2127	55.2%	39,639	-	39,639	-	-	-	-
2063	55.2%	6,175	6,175	-	-	-	-	-
2128	29.0%	29,198	-	29,198	-	-	-	-
2047	24.8%	80,224	-	46,961	-	-	33,263	298
2047	55.2%	32,052	25,556	6,496	-	-	-	-
2060	27.6% ⁽¹⁾	24,193	-	24,193	-	-	-	-
2047	55.2%	62,336	-	62,336	-	-	-	-
2127	55.2%	40,511	-	40,511	-	-	-	-
2047	11.0%	51,602	51,602	-	-	-	-	-
2860	55.2%	92,448	-	92,448	-	-	-	-
2844	55.2%	20,756	15,687	5,069	-	-	-	-
2128	27.6%	5,640	-	5,640	-	-	-	-
2047	18.4%	97,819	-	-	97,819	-	-	-
2047	55.2%	5,434	5,434	-	-	-	-	-
2047	55.2%	5,767	-	5,767	-	-	-	-
2038	55.2%	35,354	-	35,354	-	-	-	-
2863	55.2%	7,803	6,891	912	-	-	-	-
2135	13.8%	170,063	-	170,063	-	-	-	-
2057	24.8%	21,535	-	21,535	-	-	-	-
2047	55.2%	86,000	-	-	86,000	-	-	-
2055	55.2%	143,142	-	143,142	-	-	-	-
2047	55.2%	63,067	-	-	63,067	-	-	-
2047	55.2%	124,329	-	124,329	-	-	-	-
2039	55.2%	121,271	-	121,271	-	-	-	-
2047	55.2%	188,139	-	72,110	-	-	116,029	261
2047	55.2%	84,834	-	-	-	-	84,834	202
2047	55.2%	3,791	-	3,791	-	-	-	-
2047	55.2% ⁽¹⁾	77,186	-	77,186	-	-	-	-
2047	55.2% ⁽¹⁾	282,027	-	282,027	-	-	-	-
2055	27.6%	32,778	-	32,778	-	-	-	-

Major properties held by the Group (Continued)

(A) Properties for investment and hotels (Continued)

Property name	Location
KOWLOON	
The Olympian Hong Kong	18 Hoi Fai Road
Omega Plaza	32 Dundas Street
Park Ivy Shopping Arcade	8 Ivy Street
Park Summit Shopping Arcade	88 Beech Street
Remington Centre	23 Hung To Road, Kwun Tong
Skyline Tower	39 Wang Kwong Road, Kowloon Bay
Sunshine Plaza Shopping Arcade	17 Sung On Street, Hung Hom
Tsim Sha Tsui Centre	Salisbury Road, Tsim Sha Tsui
Vista Shopping Arcade	188 Fuk Wa Street, Sham Shui Po
Westley Square	48 Hoi Yuen Road, Kwun Tong
Yau Tong Industrial City	17 Ko Fai Road, Yau Tong
NEW TERRITORIES	
Avon Mall	15 Yat Ming Street, Fanling
Citywalk	1 Yeung Uk Road, Tsuen Wan
Citywalk 2	18 Yeung Uk Road, Tsuen Wan
Commune Modern Shopping Arcade	28 Wo Fung Street, Luen Wo Hui, Fanling
Corporation Park	11 On Lai Road, Shatin
Corinthia By The Sea Shopping Arcade	23 Tong Yin Street, Tseung Kwan O
Golden Plaza	28 Shui Che Kwun Street, Yuen Long
The Graces · Providence Bay Shopping Arcade	9 Fo Chun Road, Tai Po
Grand Regentville Shopping Mall	9 Wo Mun Street, Fanling
Mansfield Industrial Centre	19 Hong Yip Street, Tung Tau, Yuen Long
Mayfair By The Sea I	23 Fo Chun Road, Tai Po
Mayfair Lane	21 Fo Chun Road, Tai Po
Oceania Heights Shopping Mall	2 Hoi Chu Road, Tuen Mun
Paloma Bay	18 Peng Lei Road, Peng Chau
Paloma Cove	8 Ho King Street, Peng Chau
The Palazzo Shopping Arcade	28 Lok King Street, Shatin
Parklane Centre	25 Kin Wing Street, Tuen Mun
Ping Wui Centre	13-17 Ping Wui Street, Yuen Long
Riverwalk	6 Ngan Kwong Wan Road, Mui Wo
Rosedale Gardens Shopping Mall	133 Castle Peak Road, Tuen Mun
Shatin Galleria	18-24 Shan Mei Street, Fo Tan, Shatin
Springdale Mall	80 Ma Tin Road, Yuen Long
Sunley Centre	9 Wing Yin Street, Tsuen Wan
Tuen Mun Town Plaza, Phase I	1 Tuen Shun Street & 1 Tuen Shing Street, Tuen Mun
The Waterside Shopping Mall	15 On Chun Street, Ma On Shan, Shatin

Lease expiry	Group's interest (%)	Gross floor area attributable to the Group (square feet)	Attributable gross floor area (square feet)					Attributable number of carpark spaces
			Residential	Commercial	Industrial	Hotel	Carpark	
2052	55.2%	61,898	-	37,760	-	24,138	-	-
2047	55.2%	44,556	-	44,556	-	-	-	-
2061	55.2% ⁽¹⁾	4,988	-	4,988	-	-	-	-
2058	55.2% ⁽¹⁾	20,734	-	20,734	-	-	-	-
2047	55.2%	62,939	-	-	62,939	-	-	-
2047	27.6%	227,372	-	227,372	-	-	-	-
2047	55.2%	30,041	-	30,041	-	-	-	-
2127	24.8%	127,591	-	127,591	-	-	-	-
2054	55.2% ⁽¹⁾	12,320	-	12,320	-	-	-	-
2047	55.2%	131,384	-	-	131,384 ⁽²⁾	-	-	-
2047	49.6%	256,289	-	-	256,289	-	-	-
2047	55.2%	56,060	-	56,060	-	-	-	-
2052	55.2% ⁽¹⁾	135,374	-	135,374	-	-	-	-
2054	55.2% ⁽¹⁾	99,645	-	99,645	-	-	-	-
2064	55.2%	40,829	-	19,029	-	-	21,800	66
2047	16.5%	67,686	-	-	67,686	-	-	-
2062	33.1%	23,006	-	23,006	-	-	-	-
2047	55.2%	112,228	-	17,749	-	-	94,479	242
2057	27.6%	5,952	-	5,952	-	-	-	-
2049	55.2%	121,217	-	39,419	-	-	81,798	229
2047	55.2%	61,367	-	-	61,367	-	-	-
2059	46.9%	21,080	-	21,080	-	-	-	-
2059	55.2%	24,820	-	24,820	-	-	-	-
2052	55.2%	15,704	-	15,704	-	-	-	-
2062	55.2%	20,324	20,324	-	-	-	-	-
2062	55.2%	7,928	7,928	-	-	-	-	-
2053	55.2% ⁽¹⁾	11,875	-	11,875	-	-	-	-
2047	55.2%	138,983	-	-	44,251	-	94,732	64
2047	55.2%	106,192	-	10,955	-	-	95,237	248
2062	55.2%	26,260	17,872	8,388	-	-	-	-
2047	55.2%	17,536	-	17,536	-	-	-	-
2047	55.2%	199,550	-	145,523	-	-	54,027	148
2047	55.2%	69,924	-	22,310	-	-	47,614	144
2047	55.2%	90,981	-	-	90,981	-	-	-
2047	55.2%	613,789	-	472,420	-	-	141,369	290
2047	27.6%	15,602	-	15,602	-	-	-	-

Major properties held by the Group (Continued)

(A) Properties for investment and hotels (Continued)

Property name	Location
MAINLAND CHINA	
Central Park, Xiamen	178-180 Jiahe Road, Xiamen, Fujian Province
Dynasty Park, Zhangzhou	298 Tengfei Road, Xiangcheng District, Zhangzhou, Fujian Province
Greenfields	Chuangye Road, Guangzhou Economic & Technology Development District, Guangzhou, Guangdong Province
Le Sommet	279 Jiahe Road, Xiamen, Fujian Province
Park Place	130 Jiahe Road, Xiamen, Fujian Province
Raffles City Shanghai	Plot 105 A&B, 228 Xizang Road Central, Huangpu District, Shanghai
Sino International Plaza	137 Wusi Road, Fuzhou, Fujian Province
OVERSEAS – SINGAPORE AND AUSTRALIA	
Clifford Pier	80 Collyer Quay, Singapore
Customs House	70 Collyer Quay, Singapore
The Fullerton Hotel Singapore	1 Fullerton Square, Singapore
The Fullerton Bay Hotel Singapore	80 Collyer Quay, Singapore
The Fullerton Waterboat House	3 Fullerton Road, Singapore
One Fullerton	1 Fullerton Road, Singapore
The Fullerton Hotel Sydney	1 Martin Place, Sydney, Australia

Lease expiry	Group's interest (%)	Gross floor area attributable to the Group (square feet)	Attributable gross floor area (square feet)					Attributable number of carpark spaces
			Residential	Commercial	Industrial	Hotel	Carpark	
2046	55.2%	17,394	-	17,394	-	-	-	-
2045	55.2%	62,388	-	62,388	-	-	-	-
2054	55.2%	8,377	-	8,377	-	-	-	-
2041	55.2%	8,813	-	8,813	-	-	-	-
2039	55.2%	5,987	-	5,987	-	-	-	-
2044/2046	12.3%	166,112	-	166,112	-	-	-	-
2059	55.2%	272,037	-	272,037	-	-	-	-
2067	55.2%	7,574	-	7,574	-	-	-	-
2067	55.2%	8,176	-	8,176	-	-	-	-
2096	55.2%	257,280	-	-	-	257,280	-	-
2067	55.2%	43,625	-	-	-	43,625	-	-
2032	55.2%	11,993	-	11,993	-	-	-	-
2096	55.2%	44,367	-	44,367	-	-	-	-
Freehold	27.6%	101,932	-	16,395	-	85,537	-	-

Major properties held by the Group (Continued)

(B) Completed properties for sale

Property name	Location
HONG KONG	
Capital Tower	38 Wai Yip Street, Kowloon Bay, Kowloon
Chevalier Commercial Centre	Wang Hoi Road, Kowloon Bay, Kowloon
Grand Central	33 Hip Wo Street, Kwun Tong (South), Kowloon
Hewlett Centre	54 Hoi Yuen Road, Kwun Tong, Kowloon
Kowloon Plaza	485 Castle Peak Road, Cheung Sha Wan, Kowloon
Metro Centre	32 Lam Hing Street, Kowloon Bay, Kowloon
Pan Asia Centre	137 Wai Yip Street, Kwun Tong, Kowloon
Westin Centre	26 Hung To Road, Kwun Tong, Kowloon
133 Portofino	133 Hong Kin Road, Sai Kung, New Territories
The Balmoral	1 Ma Shing Path, Tai Po, New Territories
Cambridge Plaza	188 San Wan Road, Sheung Shui, New Territories
Lincoln Centre	20 Yip Fung Street, Fanling, New Territories
The Mediterranean	8 Tai Mong Tsai Road, Sai Kung, New Territories
Poly Centre	15 Yip Fung Street, Fanling, New Territories
MAINLAND CHINA	
Mayfair By The Lake	26 North Hubin Road, Xiamen, Fujian Province
Dynasty Park, Zhangzhou	298 Tengfei Road, Xiangcheng District, Zhangzhou, Fujian Province
OVERSEAS – SINGAPORE	
Far East Shopping Centre	545 Orchard Road
Orchard Plaza	150 Orchard Road
Orchard Shopping Centre	321 Orchard Road

Lease expiry	Group's interest (%)	Gross floor area attributable to the Group (square feet)	Attributable gross floor area (square feet)		
			Residential	Commercial	Industrial
2065	16.5%	49,445	–	49,445	–
2047	18.4%	6,335	–	6,335	–
2064	49.6% ⁽¹⁾	117,159	117,159 ⁽³⁾	–	–
2047	55.2%	8,329	–	–	8,329
2047	55.2%	14,177	–	–	14,177
2047	55.2%	10,147	–	–	10,147
2047	55.2%	34,672	–	34,672	–
2047	27.6%	57,064	–	–	57,064
2065	55.2%	26,384	26,384 ⁽³⁾	–	–
2055	55.2%	9,259	9,259 ⁽³⁾	–	–
2047	55.2%	96,176	–	–	96,176
2047	55.2%	33,727	–	–	33,727
2063	55.2%	6,455	6,455 ⁽³⁾	–	–
2047	55.2%	5,753	–	–	5,753
2038/2066	55.2%	13,048	1,873	11,175	–
2045/2075	55.2%	37,459	18,438	19,021	–
2870	95.0%	57,694	–	57,694	–
2076	95.0%	32,886	–	32,886	–
Freehold	95.0%	18,550	–	18,550	–

Major properties held by the Group (Continued)

(C) Properties under development

Location	Property name	Lease expiry	Group's interest (%)	Site area (square feet)
HONG KONG				
1 Fo Yin Road, Pak Shek Kok (East), Tai Po	Mayfair By The Sea 8	2066	55.2%	114,594
Aberdeen Inland Lot No. 462	Landmark South	2066	33.1%	18,996
Yuen Long Town Lot No. 532		2066	55.2%	99,524
8 Yiu Sha Road, Ma On Shan	Silversands	2067	55.2%	49,729
Kwai Chung Town Lot No. 524		2067	55.2%	18,623
6 Lai Ying Street and 8 Lai Ying Street, South West Kowloon	Grand Victoria	2067	12.4%	208,262
Lot No. 765 in Demarcation District No. 332, Cheung Sha, Lantau Island		2069	55.2%	28,977
MAINLAND CHINA				
Land Parcel No. T102-0262, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone		2057	27.6%	80,485
298 Tengfei Road, Xiangcheng District, Zhangzhou, Fujian Province	Dynasty Park, Zhangzhou	2045/ 2075	55.2%	962,939
Land Parcel No. T102-0261, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone		2058	16.5%	183,842
Xipu Zhen, Pi Xian, Jin Niu District, Chengdu, Sichuan Province	Chengdu International Community	2044	11.0%	14,253,628
9 The Second Yufeng Road, Chenghua District, East Chengdu, Sichuan Province	The Palazzo, Chengdu	2048/ 2078	11.0%	2,673,385

Gross floor area attributable to the Group (square feet)	Attributable gross floor area (square feet)				Stage of completion	Estimated completion date
	Residential	Commercial	Industrial	Hotel		
227,552	227,552	–	–	–	Occupation Permit issued	August 2021
78,103	–	78,103	–	–	Superstructure works in progress	July 2022
274,488	–	274,488	–	–	Superstructure works in progress	July 2022
65,834	65,834	–	–	–	Superstructure works in progress	August 2022
97,582	–	–	97,582	–	Superstructure works in progress	November 2022
122,598	122,598	–	–	–	Superstructure works in progress	May 2023
6,389	6,389	–	–	–	Planning stage	August 2023
136,561	–	136,561	–	–	Internal structure works in progress	April 2022
817,902	806,751	11,151	–	–	Superstructure works in progress	May 2024
142,499	–	142,499	–	–	Foundation works in progress	June 2024
21,687	–	21,687	–	–	Planning stage	June 2025
929,633	842,237	70,916	–	16,480	Superstructure works in progress	June 2026

Major properties held by the Group (Continued)

(D) Properties under development in which the Group has a development interest⁽¹⁾

Location	Property name	Lease expiry	Site area (square feet)
HONG KONG			
Tai Shue Wan	The Fullerton Ocean Park Hotel Hong Kong	2047	133,474
24A Kadoorie Avenue, Ho Man Tin	St George's Mansions	2081	61,941
32B Shantung Street, Mong Kok	ONE SOHO	2068	14,961
11 Heung Yip Road, Wong Chuk Hang	La Marina	2067	92,269
Inland Lot No. 9064, Peel Street/Gage Street Project (Site A), Central		2067	9,607
Lot No. 1040 in Demarcation District No. 103, Kam Sheung Road Station Package One Property Development		2067	448,719
Site C2 of the Remaining Portion of Tseung Kwan O Town Lot No.70, LOHAS Park Package Eleven Property Development		2052	177,359
Aberdeen Inland Lot No. 467 (Site D), Wong Chuk Hang Station Package Four Property Development		2067	65,015
New Kowloon Inland Lot No. 6602, Yau Tong Ventilation Building Property Development		2068	43,379
Site KL of the Remaining Portion of Tseung Kwan O Town Lot No.70, LOHAS Park Package Thirteen Property Development		2052	130,675

Notes to major properties held by the Group:

- (1) Properties in which the Group has a development interest and is entitled to a share of the development profits after completion in accordance with the terms and conditions of the joint development agreements.
- (2) Industrial/Office
- (3) It represents the saleable floor area.

Gross floor area (square feet)	Gross floor area (square feet)				Stage of completion	Estimated completion date
	Residential	Commercial	Industrial	Hotel		
436,700	-	-	-	436,700	Occupation Permit issued	June 2022
309,707	309,707	-	-	-	Superstructure works in progress	August 2022
112,200	112,200	-	-	-	Superstructure works in progress	July 2023
492,991	492,991	-	-	-	Superstructure works in progress	August 2023
84,261	84,261	-	-	-	Superstructure works in progress	April 2024
1,236,741	1,236,741	-	-	-	Foundation works in progress	November 2024
956,468	956,468	-	-	-	Podium construction in progress	December 2024
638,305	638,305	-	-	-	Foundation works in progress	March 2025
325,342	325,342	-	-	-	Foundation works in progress	April 2025
1,546,722	1,546,722	-	-	-	Hoarding works in progress	December 2025

