

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 30th June, 2018.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 28 to the consolidated financial statements.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates at 30th June, 2018 are set out in notes 28 and 16 to the consolidated financial statements, respectively.

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 6 to 11 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 60 to 67. Also, the financial risk management objectives and policies of the Group can be found in Note 30 to the consolidated financial statements. There were no important events affecting the Group since the end of the financial year ended 30th June, 2018. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Summary on page 146 of this Annual Report.

The Group has set up proper procedures to ensure adherence to the relevant laws and regulations which have a significant impact on the Group in conduct of its business, including but not limited to the Competition Ordinance, Personal Data (Privacy) Ordinance, Minimum Wage Ordinance, Employment Ordinance and Occupational Safety and Health Ordinance in Hong Kong. The Group also complies with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), the applicable companies laws and the Securities and Futures Ordinance ("SFO"). Any new enactment of or changes in the relevant laws and regulations would be communicated to the relevant departments and staff to ensure compliance. Reminders on the compliance would also be sent out regularly where necessary.

Discussions on the Group's environmental policies, performance and relationships with its key stakeholders are contained in the Environmental, Social and Governance Report on pages 40 to 59. No incident of non-compliance to environmental laws and regulations that has a significant impact on the Group was recorded for the financial year ended 30th June, 2018.

DIRECTORS' REPORT *(Continued)*

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 92.

An interim dividend of HK4.5 cents per share amounting to HK\$48,372,305, including HK\$1,151,129 by way of cash dividends and HK\$47,221,176 by way of scrip alternatives, was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK5 cents per share amounting to HK\$54,459,026 payable to shareholders whose names appear on the Register of Members of the Company on 1st November, 2018.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 22 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The reserves available for distribution to the shareholders by the Company at 30th June, 2018 consisted of share premium, distributable reserve and retained profits totalling HK\$2,087,393,914.

Under the Companies Law (2018 Revision) of the Cayman Islands and the provisions of the Company's Articles of Association, the share premium of the Company is available for distribution or paying dividends to the shareholders provided that immediately following the distribution or the payment of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

TREASURY, GROUP BORROWINGS AND INTEREST CAPITALISED

The Group maintains a product approach in its treasury management with foreign exchange exposure being kept at a minimal level and interest rates on floating rate bases. No interest was capitalised by the Group during the year.

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

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

DIRECTORS' REPORT *(Continued)*

NAME OF DIRECTOR

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

Executive Directors

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

Non-Executive Directors

The Honourable Ronald Joseph Arculli
Mr. Gilbert Lui Wing Kwong

Independent Non-Executive Directors

Mr. Peter Wong Man Kong
Mr. Adrian David Li Man-kiu (retired on 26th October, 2017)
Mr. Steven Ong Kay Eng
Mr. Wong Cho Bau

In accordance with the Company's Articles of Association and pursuant to Appendix 14 to the Listing Rules, The Honourable Ronald Joseph Arculli, Mr. Gilbert Lui Wing Kwong and Mr. Wong Cho Bau will retire at the forthcoming Annual General Meeting and, who being eligible, will offer themselves for re-election.

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTERESTS

As at 30th June, 2018, 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	523,696,117 <i>(Note)</i>	Beneficial owner of 306,966 shares, spouse interest in 910,904 shares and trustee interest in 522,478,247 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	48.08%
The Honourable Ronald Joseph Arculli	286,123	Beneficial owner	0.02%
Mr. Gilbert Lui Wing Kwong	–	–	–
Mr. Peter Wong Man Kong	–	–	–
Mr. Steven Ong Kay Eng	–	–	–
Mr. Wong Cho Bau	–	–	–
Mr. Daryl Ng Win Kong	–	–	–
Mr. Giovanni Viterale	–	–	–

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTERESTS *(Continued)*

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

Note:

The trustee interest in 522,478,247 shares comprises:

- (a) 474,167,601 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 45,991,943 shares by Fanlight Investment Limited, 65,397 shares by Garford Nominees Limited, 19,676,129 shares by Karaganda Investments Inc., 61,909,292 shares by Nippomo Limited, 1,773,950 shares by Orient Creation Limited, 125,138,359 shares by Strathallan Investment Limited, 5,381,554 shares by Strong Investments Limited, 185,827,229 shares by Tamworth Investment Limited and 28,403,748 shares by Transpire Investment Limited;*
- (b) 2,130,000 shares which were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited, in which the co-executors of the estate of the late Mr. Ng Teng Fong had a 72.01% control; and*
- (c) 46,180,646 shares which were held by the co-executors of the estate of the late Mr. Ng Teng Fong.*

(B) Long Positions in Shares of Associated Corporation

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

Name of Associated Corporation	Number of Ordinary Shares	% of Issued Shares
FHR International Limited	1 <i>(Note)</i>	33.33%

Note: The share was held by Smart Link Limited in which Mr. Robert Ng Chee Siong had a 100% control.

Save as disclosed above, as at 30th June, 2018, none of the Directors had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT *(Continued)*

SHARE OPTION SCHEMES	The Company and its subsidiaries have no share option schemes.
ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES	At no time during the year was the Company or any of its 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	<p>Pursuant to Rule 8.10(2) of the Listing Rules, the Company discloses that during the year, the following current Directors held share interests and/or directorships in companies engaged in businesses which compete or likely to compete, either directly or indirectly, with the businesses of the Group:</p> <p>Mr. Robert Ng Chee Siong and Mr. Daryl Ng Win Kong held share interests and directorships in companies of the Ng Family (including Mr. Robert Ng Chee Siong, Mr. Philip Ng Chee Tat, and as co-executors of the estate of the late Mr. Ng Teng Fong and/or their respective associates) which engage in business of hotel operation.</p> <p>The Honourable Ronald Joseph Arculli is a Non-Executive Director of HKR International Limited, which engages in business of hotel operation.</p> <p>As the Board of Directors of the Company is independent of the boards of the aforesaid companies and maintains three Independent Non-Executive Directors, the Group operates its businesses independently of, and at arm's length from, the businesses of the aforesaid companies.</p>
DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS	<p>Details of Directors' material interests in transactions, arrangements or contracts of significance are set out in Note 27 to the consolidated financial statements.</p> <p>Other than as disclosed in Note 27 to the consolidated financial statements, 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.</p>
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 incurred or sustained by him as a Director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during the year.
SERVICE CONTRACTS	None of the Directors of the Company has a contract of service with the Company or any of its subsidiaries not determinable by the employing company within one year without payment of compensation (except for statutory compensation).

**CONNECTED
TRANSACTIONS**

Continuing Connected Transactions for the year ended 30th June, 2018

The Company announced on 31st July, 2015 that Bright Tower (HK) Limited ("Bright Tower"), a wholly-owned subsidiary of the Company, was awarded on 31st July, 2015, through a tendering process, a clubhouse management contract ("Contract") by Sino Estates Management Limited ("SEML") for provision of management services by Bright Tower to the clubhouse of Pacific Palisades for a 24-month period from 1st August, 2015 to 31st July, 2017.

Applicable particulars of such Contract together with the total amount received/paid in respect of the transaction for the year ended 30th June, 2018 are disclosed herein as required under the Listing Rules:

Parties to the Transaction		Nature of Transaction	Basis of Consideration	Applicable Annual Cap(s) under the Contract	Total Amount received/paid for the Year ended 30th June, 2018
Service Provider	Service Recipient				
Bright Tower	SEML, the building management company appointed under the deed of mutual covenants of Pacific Palisades and an agent for the unincorporated body of owners of Pacific Palisades	Provision of management services by Bright Tower to the clubhouse of Pacific Palisades	HK\$330,000 payable monthly by SEML to Bright Tower under the Contract, based on the tender price submitted by Bright Tower, is arrived at on an arm's length basis after considering the estimated cost and profit margin for providing the clubhouse management services	HK\$330,000 for the period from 1st July, 2017 to 31st July, 2017 (i.e. HK\$330,000 x 1 month)	HK\$0.33 million

The Company further announced on 20th July, 2017 that a new clubhouse management contract ("New Contract") was awarded on 20th July, 2017 by SEML to Bright Tower, through a tendering process, pursuant to which Bright Tower would manage the clubhouse of Pacific Palisades for a further 24-month period from 1st August, 2017 to 31st July, 2019 at a monthly service fee of HK\$405,000.

DIRECTORS' REPORT (Continued)

CONNECTED TRANSACTIONS (Continued)

Continuing Connected Transactions for the year ended 30th June, 2018 (Continued)

Applicable particulars of such New Contract together with the total amount received/paid in respect of the transaction for the year ended 30th June, 2018 are disclosed herein as required under the Listing Rules:

Parties to the Transaction		Nature of Transaction	Basis of Consideration	Applicable Annual Cap(s) under the New Contract	Total Amount received/paid for the Year ended 30th June, 2018
Service Provider	Service Recipient				
Bright Tower	SEML, the building management company appointed under the deed of mutual covenants and management agreement of Pacific Palisades and an agent for the unincorporated body of owners of Pacific Palisades	Provision of management services by Bright Tower to the clubhouse of Pacific Palisades	HK\$405,000 payable monthly by SEML to Bright Tower under the New Contract, based on the tender price submitted by Bright Tower, is arrived at on an arm's length basis after considering the estimated cost and profit margin for providing the clubhouse management services	(i) HK\$4,455,000 for the period from 1st August, 2017 to 30th June, 2018 (i.e. HK\$405,000 x 11 months) (ii) HK\$4,860,000 for the period from 1st July, 2018 to 30th June, 2019 (i.e. HK\$405,000 x 12 months) (iii) HK\$405,000 for the period from 1st July, 2019 to 31st July, 2019 (i.e. HK\$405,000 x 1 month)	HK\$4.46 million

Boatswain Enterprises Limited ("Boatswain") and its wholly-owned subsidiary, Beverhill Limited ("Beverhill"), being controlled by the Ng Family, are two of the owners of Pacific Palisades which together are interested in a total of approximately 60% of the undivided shares of Pacific Palisades. The Ng Family is a connected person of the Company by virtue of it being the controlling shareholder of the Company. Boatswain and Beverhill, being associates of the Ng Family, are also connected persons of the Company. On such basis, the provision of clubhouse management services by Bright Tower to the unincorporated body of owners of Pacific Palisades under the aforesaid contracts constituted continuing connected transactions of the Company under the Listing Rules.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

Continuing Connected Transactions for the year ended 30th June, 2018 *(Continued)*

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 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 respective announcements of the Company which are available at the Stock Exchange's website and the Company's website at www.sino.com.

Details of other related party transactions are set out in Note 27 to the consolidated financial statements.

DIRECTORS' REPORT *(Continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 30th June, 2018, 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	504,036,830 <i>(Notes 1, 2, 3, 4 and 5)</i>	Interest of controlled corporation in 3,143,449 shares and trustee interest in 500,893,381 shares in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong	48.22%
Tamworth Investment Limited	178,150,243 <i>(Notes 3 and 5)</i>	Beneficial owner	17.04%
Strathallan Investment Limited	119,968,581 <i>(Notes 3 and 5)</i>	Beneficial owner	11.47%
Name of Other Shareholder	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Shares
Nippomo Limited	59,351,666 <i>(Notes 3 and 5)</i>	Beneficial owner	5.67%

DIRECTORS' REPORT *(Continued)*

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

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

Notes:

1. 3,143,449 shares were held by Far East Ventures Pte. Ltd. which was 100% controlled by Mr. Philip Ng Chee Tat.
2. The trustee interest in 500,893,381 shares comprises:
 - (a) 454,578,566 shares which were held through companies 100% controlled by the co-executors of the estate of the late Mr. Ng Teng Fong, namely, 44,091,902 shares by Fanlight Investment Limited, 62,697 shares by Garford Nominees Limited, 18,863,262 shares by Karaganda Investments Inc., 59,351,666 shares by Nippomo Limited, 1,700,665 shares by Orient Creation Limited, 119,968,581 shares by Strathallan Investment Limited, 5,159,231 shares by Strong Investments Limited, 178,150,243 shares by Tamworth Investment Limited and 27,230,319 shares by Transpire Investment Limited;
 - (b) 2,042,006 shares which were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited, in which the co-executors of the estate of the late Mr. Ng Teng Fong had a 72% control; and
 - (c) 44,272,809 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 and Nippomo 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, 2018, no other person (other than Directors of the Company) had an interest or short position in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and were recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder of the Company.

DIRECTORS' REPORT *(Continued)*

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 turnover or purchases attributable to the Group's five largest customers or suppliers was less than 30% of the Group's total turnover or purchases for the year under review.

RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group, in fund under the control of trustee. As at 30th June, 2018, the Group employed approximately 343 employees.

The retirement benefit cost charged to consolidated statement of profit or loss represents contribution payable to the scheme by the Group at rates specified in the rules of the scheme.

PRE-EMPTIVE RIGHTS

No provisions for pre-emptive rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders exist in the Cayman Islands, being the jurisdiction in which the Company was incorporated.

CORPORATE GOVERNANCE

The corporate governance report is set out on pages 16 to 39.

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

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Robert NG Chee Siong
Chairman

Hong Kong, 30th August, 2018

CONRAD HONG KONG



CONRAD HONG KONG

Conrad Hong Kong is part of the prestigious Pacific Place development located in the heart of the Central Business District. The hotel is across from the lush Hong Kong Park, directly connected to Admiralty Station and Pacific Place, a premium shopping and entertainment complex.

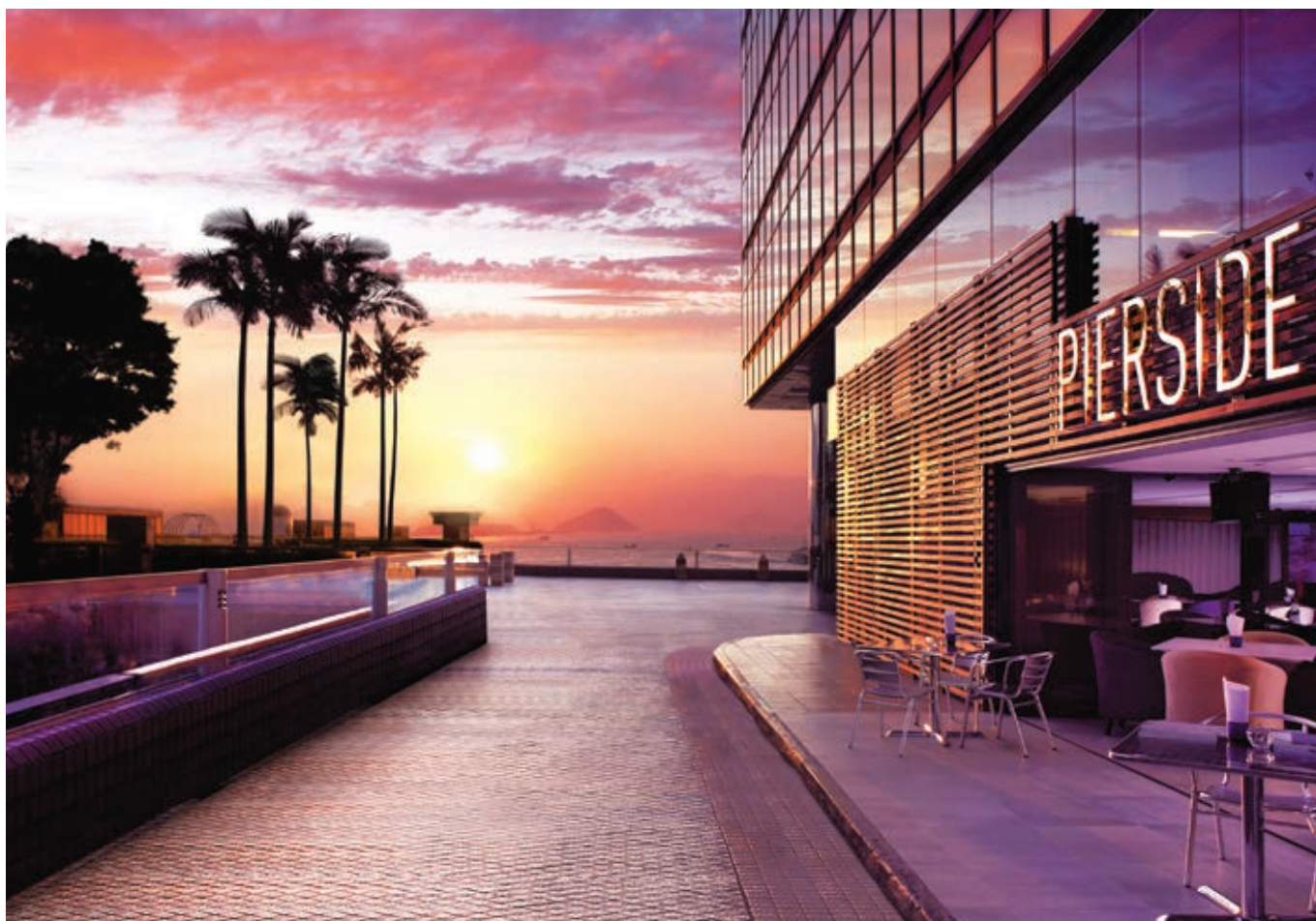


Towering from the 40th to the 61st floor, Conrad Hong Kong features 514 rooms which include 45 suites and an executive lounge. All rooms offer unparalleled views of Victoria Harbour or the picturesque Victoria Peak. The hotel has an extensive range of function rooms including one of the city's largest column-free ballrooms. It also features a range of award-winning restaurants and bars, 24-hour Health Club and a heated outdoor swimming pool.



CONRAD®
HONG KONG

THE ROYAL PACIFIC HOTEL & TOWERS



THE ROYAL PACIFIC HOTEL & TOWERS

Known for its picture-perfect harbour and park views, The Royal Pacific Hotel & Towers' stylish, contemporary guestrooms and Club Lounge provide personal and attentive services for discerning business and leisure travellers.



Buffet at Café on the PARK



The Hotel has gained a reputation as a favourite venue for business functions and private celebrations. The Imperial and Pacific Rooms can accommodate up to 420 guests for conferences and banquets; comprehensive facilities include access to the internet, video conferencing and audio-visual equipment.

Dining options at the Hotel include Café on the PARK for all-day buffet dining, Pierside Bar & Restaurant serving market-fresh seafood vis-à-vis the mesmerising harbour views and Satay Inn for authentic Singapore cuisines in a relaxing alfresco setting.



Harvey Bay Seafood Pot at Pierside Bar & Restaurant



The Royal Pacific

Hotel and Towers

HONG KONG

CITY GARDEN HOTEL



YUÈ

CITY GARDEN HOTEL

City Garden Hotel is ideal for both business and leisure travellers thanks to its location and superb connectivity. With Fortress Hill Station a mere 5-minute stroll away, guests enjoy easy access to the shopping and dining hotspot of Causeway Bay as well as Hong Kong's must-see destinations and business hubs.



The hotel provides 613 rooms and suites measuring up to 600 sq. ft. Its carefully planned amenities encompass complimentary Wi-Fi access, free use of Handy Smartphone and recreational facilities.

Catering to diners and connoisseurs, our restaurants provide authentic Cantonese fare, international cuisines, regional favourites as well as warm and attentive services. In addition to the award-winning YUÈ, one of the most sought-after Chinese restaurants of the district, Garden Café attracts food lovers with its international buffets while Satay Inn delivers time-honoured, authentic Singaporean cuisines.



Hainanese Chicken Rice at Satay Inn



City Garden Hotel
HONG KONG