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The Group's International Commerce Centre and International Finance Centre form a magnificent Victoria Harbour Gateway

Property Sales



The Group sold or pre-sold an attributable HK\$23,218 million worth of properties in the year under review, compared to last year's HK\$25,674 million. A number of projects in Hong Kong and on the mainland were put on the market over the past year and produced highly encouraging sales.

Sales of Hong Kong properties amounted to HK\$20,562 million, mostly from YOHO Midtown in Yuen Long, Aria and The Latitude in Kowloon and The Cullinan at Kowloon Station. The remaining HK\$2,656 million was from mainland and Singapore properties, including Lake Dragon in Guangzhou and Orchard Residences in Singapore. The Group sold or pre-sold over HK\$9,000 million worth

of properties in the third quarter of 2010, mainly from Hong Kong properties including Lime Stardom in Kowloon and Larvotto in Island South. Nearly 95 per cent of the units in these two projects have been sold.

The Group will continue offering new developments for sale as planned. Major residential projects in Hong Kong to go on sale in the rest of the current financial year include luxury town houses Valais at Beas River, Avignon on Castle Peak Road, Park Nara and a project on Po Yip Street in Yuen Long and the residential towers at the integrated landmark development at Tseung Kwan O town centre.



Hong Kong Property Business

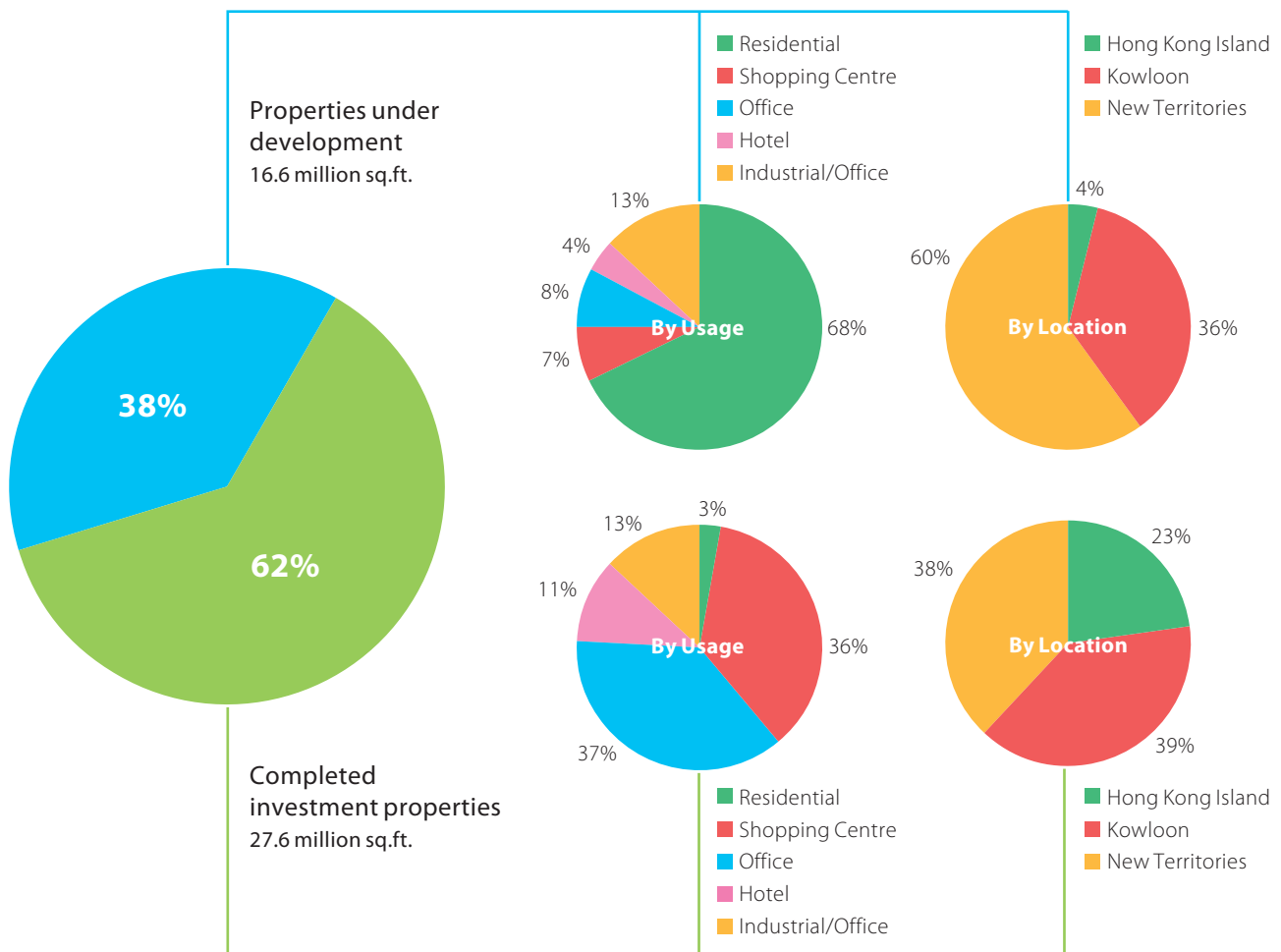
Highlights

- Diverse Hong Kong land bank of 44.2 million square feet by gross floor area, plus about 26 million square feet of farmland by site area
- Added six projects with 4.8 million square feet attributable gross floor area, mainly through land use conversion and auction
- Completed 4.1 million square feet of properties, including 2.2 million square feet of residential properties for sale
- Investment property portfolio 94 per cent occupied
- Net rental income up 14 per cent to HK\$8,314 million

Land Bank

Hong Kong Land Bank Composition

(44.2 million square feet in attributable gross floor area as at 30 June 2010)





The Group added six new sites with an aggregate gross floor area of 4.8 million square feet to its Hong Kong development land bank during the year; three through land use conversion and three others at government land auction or private deal. Details of the new sites are provided on page 9 in the Chairman's Statement. These acquisitions brought the Group's Hong Kong land bank to 44.2 million square feet in June 2010, as compared to 41.9 million square feet last year. The land bank consists of 16.6 million square feet of properties under development and 27.6 million square feet of completed investment properties.

The Group also owns about 26 million square feet of farmland in terms of site area in the New Territories. Most of this is along existing or planned rail lines and is being converted to residential use, with the majority already in advanced stages.

Of the 16.6 million square feet of properties under development, 12.6 million square feet will be for sale and the other four million square feet kept for long-term investment. The Group holds a diverse portfolio in terms of usage. Residential premises for sale account for 68 per cent of the development land bank and 73 per cent of the completed investment properties are shopping malls or prime offices.

The Group's development land bank is geographically diverse; split 40 / 60 between the urban areas and the New Territories. The completed investment property portfolio is similarly spread, with 38 per cent in the New Territories and 62 per cent in Kowloon and on Hong Kong Island.

The Group's Hong Kong land bank by attributable gross floor area was as follows as at 30 June 2010:

	Attributable Gross Floor Area (million square feet)			Total
	Development for Sale	Development for Investment	Completed Investment Properties	
By Usage				
Residential	11.3	—	0.9	12.2
Shopping centre	—	1.2	9.9	11.1
Office	—	1.3	10.2	11.5
Hotel	—	0.6	2.9	3.5
Industrial/Office*	1.3	0.9	3.7	5.9
Total	12.6	4.0	27.6	44.2
By Location				
Hong Kong Island	0.6	0.1	6.3	7.0
Kowloon	4.0	1.9	10.7	16.6
New Territories	8.0	2.0	10.6	20.6
Total	12.6	4.0	27.6	44.2

* Includes godowns

Hong Kong Property Business

Property Development

The Group's respected brand gives homebuyers confidence and enhances the marketability and margins on new projects. New developments come with a full range of tailored services, trend-setting features and green elements.





Valais, Beas River

Property Development



Stylish interior at the clubhouse of YOHO Midtown in Yuen Long for residents' enjoyment

The Group has 16.6 million square feet of properties under development in Hong Kong, of which 11.3 million square feet will be premium residential premises for sale. The developments are well diversified in terms of flat mix and styles to meet the needs of different buyers, ranging from stylish boutique apartments to large estates with comprehensive, five-star clubhouse facilities and amenities and distinctive luxury residences. The Group enhances its projects with a full range of tailored services and facilities to fulfill residents' lifestyle aspirations.

Good sales and premium prices reaffirm the value of the Group's respected brand. Its good reputation for quality products and service over the years gives homebuyers confidence and enhances the marketability and margins on new projects. YOHO Midtown attracted interest from homebuyers seeking a contemporary lifestyle with its fusion of urban life with art and a harmonious environment. Aria in Kowloon offers a luxury living with its prestigious fixtures and accessories, open views of the harbour and lush surroundings. The luxury Larvotto in Island South also appealed to buyers with its top-quality finishes and unrivalled panoramic sea views.

The Group will continue to strive for excellence, aiming to satisfy customers with premium products and services. The Group will keep introducing trend-setting features and services, as well as green elements, to its projects.



Indoor pool at Larvotto in Island South for all-weather relaxation



Major Projects Under Development

The Latitude

638 Prince Edward Road East, Kowloon
(100% owned)

Site area	: 137,000 square feet
Gross floor area	: 1 million square feet (residential); 205,000 square feet (retail)
Units	: 1,159
Expected completion	: second half of 2010

The Latitude is near a station on the planned MTR Sha Tin to Central Link and will be a new residential enclave and shopping destination in southeast Kowloon. Most units will have views of Victoria Harbour and the future cruise terminal at Kai Tak. About 95 per cent of the 1,159 flats in the development have been sold. Preliminary leasing of the Mikiki shopping mall has been encouraging with the majority of the space already pre-let. The harbour views and trendy, spacious interior will offer a premium shopping environment. The opening is scheduled for the second quarter of 2011, when it will become a new focus for shopping and entertainment in southeast Kowloon.



The Latitude in southeast Kowloon is the first large premium residence by the coming cruise terminal at Kai Tak

Aria

51 Fung Shing Street, Kowloon
(100% owned)

Site area	: 66,500 square feet
Gross floor area	: 775,000 square feet (residential)
Units	: 723
Expected completion	: second half of 2010

This high-end residential development in Kowloon will consist of five residential towers containing 723 units in configurations from one to four bedrooms ranging from 500 to over 2,100 square feet. Its sweeping panoramas of Victoria Harbour and stylish architecture are designed to offer residents an exclusive, tranquil living environment surrounded by greenery. About 80 per cent of the units have been pre-sold.

Avignon

Tuen Mun Town Lot 465, Castle Peak Road
(100% owned)

Site area	: 478,000 square feet
Gross floor area	: 616,000 square feet (residential); 5,000 square feet (retail)
Units	: 459
Expected completion	: second half of 2010

There will be 616,000 square feet of high-end residential units on Castle Peak Road consisting of 30 houses and 429 apartments in a green, peaceful setting. Construction is nearly finished.



Green surroundings at Avignon on Castle Peak Road

Property Development

Tseung Kwan O Area 56 Development (joint venture)

Site area	: 460,000 square feet
Gross floor area	: 1.8 million square feet (total); 1.5 million square feet (attributable)
Units	: 1,028
Expected completion	: from second half of 2011 in phases

The Group has an attributable interest of 1.5 million square feet in this integrated development complex atop the Tseung Kwan O MTR station. It will complete 861,000 square feet of residential units for sale, 391,000 square feet of hotel space and 54,000 square feet of office premises in the second half of 2011. The remaining 235,000 square feet of hotel space is scheduled for completion in 2013. This development is expected to set new standards for premium residences in Tseung Kwan O. It is at the heart of Tseung Kwan O and will be the focal point of leisure and entertainment in the area.

Kowloon Inland Lot 11146, West Kowloon (100% owned)

Site area	: 122,000 square feet
Gross floor area	: 794,000 square feet (residential); 95,000 square feet (retail)
Approximate units	: 660
Expected completion	: end of 2011

The site is near the waterfront and will be developed into luxury residences, with most offering stunning sea views. The majority of units will have three or four bedrooms to meet the growing demand from up-graders. Construction has proceeded to the superstructure stage and completion is expected by the year-end of 2011.



Tseung Kwan O Area 56 Development will set new standards for premium residences in the region

West Rail Tuen Mun Station Development (joint venture)

Site area	: 286,000 square feet
Gross floor area	: 1.3 million square feet (residential); 269,000 square feet (retail)
Approximate units	: 1,900
Expected completion	: first half of 2013

The development will contain 1.3 million square feet of premium residential units and a 269,000-square-foot shopping mall adjacent to Tuen Mun Park. It is at the heart of Tuen Mun with extensive transport connection and a rail link. There will be seven residential towers containing 1,900 units in different layouts and sizes. This will be the only major new residential development in Tuen Mun town centre for the next few years, and with its convenient transport links via rail and bus, it will become the focus in the area.

Lot 2099 in DD 109, Yuen Long (100% owned)

Site area	: 674,000 square feet
Gross floor area	: 856,000 square feet (residential); 24,000 square feet (retail)
Approximate units	: 800
Expected completion	: first half of 2013

This low-density residential development will have a mixture of houses, duplexes and apartment towers in a green and relaxing environment. The site has convenient road links to the urban areas via Route 3 and is close to the Yuen Long and Kam Sheung Road West Rail stations. Piling is underway and construction of the superstructure is to commence soon.



The West Rail Tuen Mun Station Development will be a new focal point in the area with convenient access



Yuen Long Town Lot 507, Yuen Long
(100% owned)

Site area	: 418,000 square feet
Gross floor area	: 1.8 million square feet (residential); 471,000 square feet (retail)
Approximate units	: 2,500
Expected completion	: beyond 2013

The Group completed land use conversion of this site with land premium paid during the year under review. This will be the third and largest phase of its major YOHO Town development in the centre of Yuen Long. It is adjacent to the Yuen Long West Rail station and will have 2.3 million square feet of total gross floor area. The retail space will be linked to the Group's adjacent existing shopping centres to form a mega regional mall that will become a new shopping and entertainment hub in the northwest New Territories. There will also be footbridges connecting the mall to the rail station.

Tseung Kwan O Area 66B Development
(100% owned)

Site area	: 132,000 square feet
Gross floor area	: 662,000 square feet (residential); 66,000 square feet (retail)
Approximate units	: 780
Expected completion	: beyond 2013

The Group acquired this residential site in a government land auction in February 2010. The site is immediately in front of another Group development at Area 56 atop the MTR station. The design and layout of this project will be carefully planned to maximize the synergy between the two developments and make this the new residential, leisure and entertainment centre of Tseung Kwan O.

Kowloon Inland Lot 11175, Ho Man Tin
(100% owned)

Site area	: 174,000 square feet
Gross floor area	: 869,000 square feet (residential)
Approximate units	: 500
Expected completion	: beyond 2013

The Group acquired this site at a government land auction in June 2010. It is in one of the most prestigious luxury residential districts of Kowloon, and most of the units will enjoy stunning sea views. The development is near an MTR station soon to be constructed that will provide easy access to other parts of the city. The Group is planning to build over 500 luxury units on this prime site that will set a new standard for luxury residences in Kowloon.

Kowloon Commerce Centre Phase 2
51 Kwai Cheong Road
(100% owned)

Site area	: 89,000 square feet (total)
Gross floor area	: 518,000 square feet (office/retail in phase 2 under development)
Expected completion	: first half of 2013

Kowloon Commerce Centre (KCC) is in a convenient location with easy access to the rest of the territory via rail connections. It will take only a few minutes' walk to the MTR station after the completion of a footbridge. Phase 2 is the second office tower in this twin-tower office development, the first tower having been completed in 2008. Phase 2 will provide 488,000 square feet of premium offices with fine architecture, international specifications and green features, plus supporting retail space of around 30,000 square feet. Foundation work has been completed and construction of the superstructure will soon commence.



KCC offers premium office space with convenient transportation

Property Development

Major Projects Under Development by Year of Completion

Location	Project Name	Group's Interest (%)	Residential
Projects to be completed in financial year 2010/11			
638 Prince Edward Road East	The Latitude	100	1,025,000
Tuen Mun Town Lot 465	Avignon	100	616,000
Ap Lei Chau Inland Lot 129	Larvotto	35	316,000
New Kowloon Inland Lot 6350, Ngau Chi Wan	Aria	100	775,000
38 Ming Yuen Western Street, North Point	Lime Habitat	100	87,000
Lot 4313 in DD 124, Hung Shui Kiu, Yuen Long	Park Nara	74	83,000
483 Castle Peak Road, Cheung Sha Wan		100	—
77 Wing Hong Street, Cheung Sha Wan	CEO Tower	100	—
Year Total			2,902,000
Projects to be completed in financial year 2011/12			
Tseung Kwan O Area 56 Development Phase 1		Joint Venture	861,000
Kowloon Inland Lot 11146, West Kowloon		100	794,000
Larch Street/Fir Street Development, Kowloon	Lime Stardom	Joint Venture	177,000
18 Po Yip Street, Yuen Long		100	222,000
9 Shouson Hill Road		100	91,000
12 Mount Kellett Road, The Peak		100	43,000
48-50 Stanley Village Road		100	37,000
Year Total			2,225,000
Projects to be completed in financial year 2012/13			
West Rail Tuen Mun Station Development		Joint Venture	1,286,000
Lot 2099 in DD 109, Yuen Long		100	856,000
Chatham Garden Redevelopment, Kowloon		29	88,000
295-305 Shau Kei Wan Road		90	51,000
Kwai Chung Town Lot 215	KCC Phase 2	100	—
20-24 Hung To Road, Kwun Tong		100	—
Kwun Tong Inland Lot 173		64.3	—
49 King Yip Street, Kwun Tong		100	—
Year Total			2,281,000
Projects to be completed in financial year 2013/14 and beyond			
Yuen Long Town Lot 507		100	1,848,000
Tseung Kwan O Area 66B Development		100	662,000
Kowloon Inland Lot 11175, Ho Man Tin		100	869,000
Lot 5371 in DD 116, Ha Yau Tin, Yuen Long		100	233,000
Shek Wu Wai, Yuen Long		50	227,000
Lot 495 in DD 399, Casam Beach, Ting Kau		100	78,000
Tsing Lung Tau Lot 67		100	11,000
Kwun Tong Inland Lot 240		50	—
Kwun Tong Inland Lot 174		64.3	—
Tseung Kwan O Area 56 Development Phase 2		Joint Venture	—
50 Wong Chuk Hang Road		100	—
Total			3,928,000



Attributable Gross Floor Area (square feet)

Shopping Centre	Office	Hotel	Industrial	Total
205,000	—	—	—	1,230,000
5,000	—	—	—	621,000
4,000	—	—	—	320,000
—	—	—	—	775,000
—	—	—	—	87,000
—	—	—	—	83,000
—	109,000	—	—	109,000
—	—	—	254,000	254,000
214,000	109,000	—	254,000	3,479,000
—	54,000	391,000	—	1,306,000
95,000	—	—	—	889,000
24,000	—	—	—	201,000
—	—	—	—	222,000
—	—	—	—	91,000
—	—	—	—	43,000
—	—	—	—	37,000
119,000	54,000	391,000	—	2,789,000
269,000	—	—	—	1,555,000
24,000	—	—	—	880,000
18,000	—	—	—	106,000
10,000	—	—	—	61,000
30,000	488,000	—	—	518,000
—	207,000	—	—	207,000
—	199,000	—	—	199,000
—	120,000	—	—	120,000
351,000	1,014,000	—	—	3,646,000
471,000	—	—	—	2,319,000
66,000	—	—	—	728,000
—	—	—	—	869,000
—	—	—	—	233,000
—	—	—	—	227,000
—	—	—	—	78,000
—	—	—	—	11,000
—	—	—	575,000	575,000
—	—	—	303,000	303,000
—	—	235,000	—	235,000
—	120,000	—	—	120,000
537,000	120,000	235,000	878,000	5,698,000



Modern exterior of Lime Stardom in Kowloon



Tranquil setting for residents of Aria in Kowloon

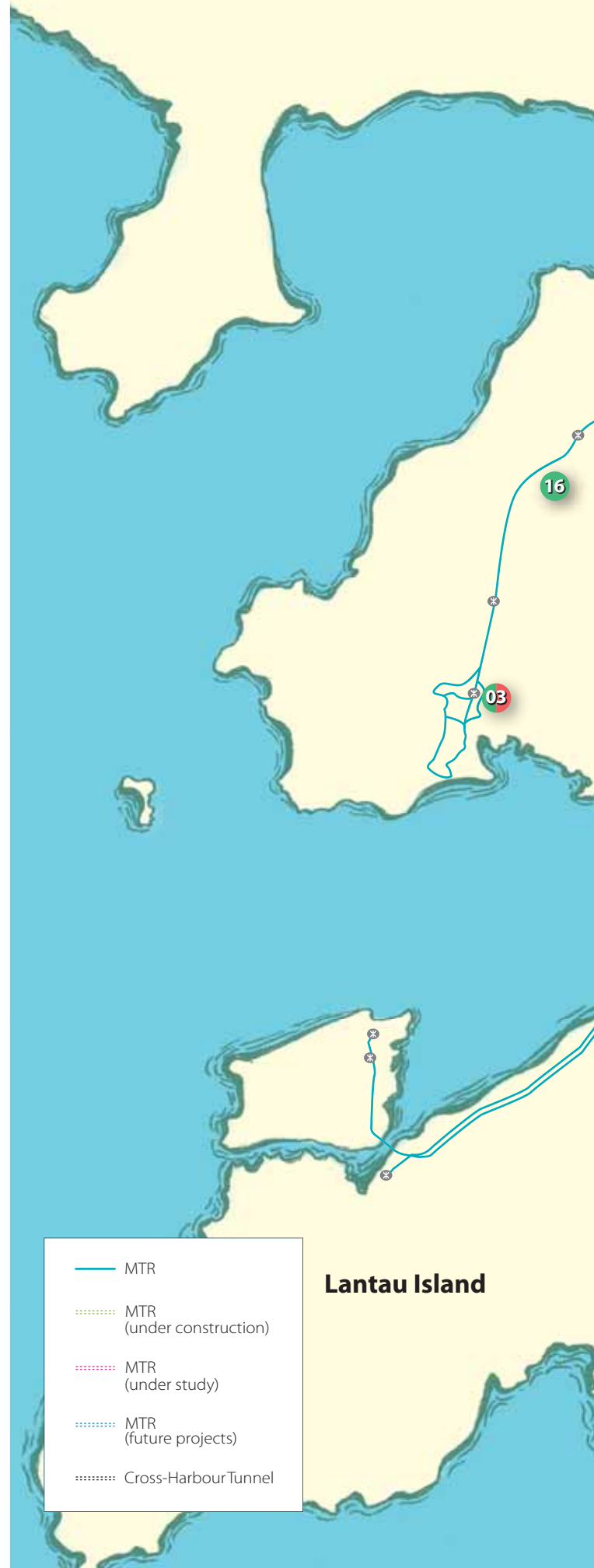
Property Development

Major Properties Under Development

- Residential ● Shopping Centre ● Office
- Industrial/Office ● Hotel

- 01 ●● Yuen Long Town Lot 507
- 02 ●● Lot 2099 in DD 109, Yuen Long
- 03 ●● West Rail Tuen Mun Station Development
- 04 ●● Avignon
- 05 ●● Lime Stardom
- 06 ●● Kowloon Inland Lot 11146
- 07 ●● Chatham Garden Redevelopment
- 08 ●● The Latitude
- 09 ●● Tseung Kwan O Area 66B Development
- 10 ●●● Tseung Kwan O Area 56 Development
- 11 ●● Larvotto
- 12 ●● 295–305 Shau Kei Wan Road
- 13 ● Shek Wu Wai
- 14 ● 18 Po Yip Street
- 15 ● Lot 5371 in DD 116, Ha Yau Tin
- 16 ● Park Nara
- 17 ● Tsing Lung Tau Lot 67
- 18 ● Lot 495 in DD 399, Casam Beach
- 19 ● Kowloon Inland Lot 11175
- 20 ● Aria
- 21 ● 9 Shouson Hill Road
- 22 ● 48–50 Stanley Village Road
- 23 ● 12 Mount Kellett Road
- 24 ● Lime Habitat
- 25 ●● KCC Phase 2
- 26 ● 483 Castle Peak Road
- 27 ● 49 King Yip Street
- 28 ● 20–24 Hung To Road
- 29 ● 50 Wong Chuk Hang Road
- 30 ● Kwun Tong Inland Lot 173
- 31 ● Kwun Tong Inland Lot 174
- 32 ● Kwun Tong Inland Lot 240
- 33 ● CEO Tower

Shenzhen



Lantau Island



New Territories

Kowloon

Hong Kong Island

Hong Kong Property Business

Property Investment

Rental income was up and occupancy of the Group's rental portfolio remained high. The portfolio is being expanded and is expected to continue performing well.



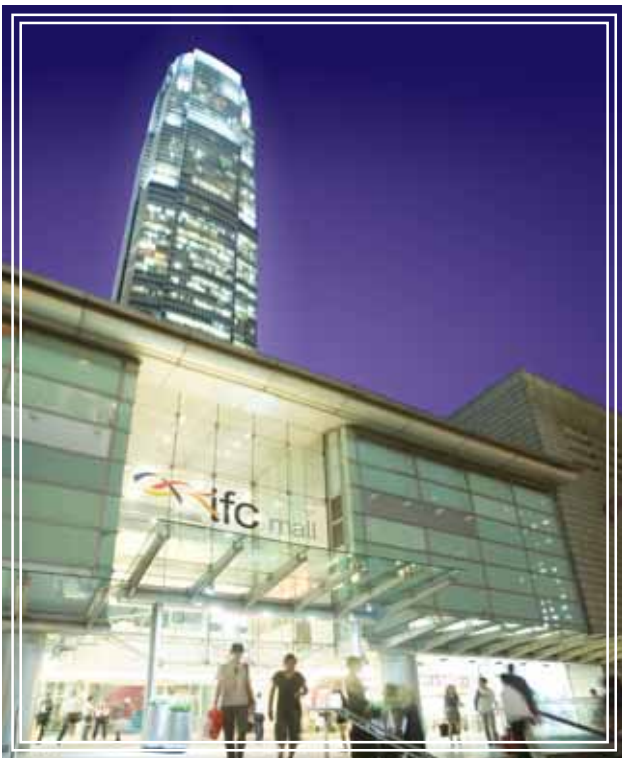


International Commerce Centre, Kowloon Station

Property Investment



The popular APM is a shopping and entertainment focus in Kowloon East



IFC Mall in Central offers a wide range of top brands

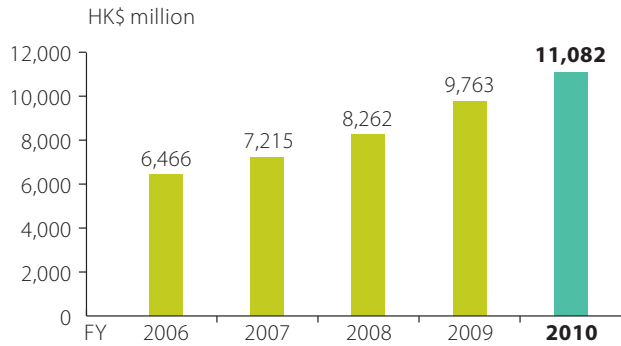
The Group's gross rental income, including contributions from joint-venture properties, increased by 14 per cent to HK\$11,082 million during the year. Net rental income increased by 14 per cent to HK\$8,314 million. Occupancy stayed high at 94 per cent. Higher rents on renewals and new leases for retail and office space, as well as increased contributions from International Commerce Centre (ICC), produced respectable results for the year.

The leasing market was more active with the global economic recovery over the past year. Office rents bottomed out and have been picking up since the beginning of this year. Demand for office space from financial firms is growing and overall vacancies were down. Spot retail rents are up since late 2009 amid growing sales. More mainland tourists are one spending driver and an improved job market boosted domestic consumption.

The Group is constantly enhancing its investment property portfolio with renovations to offices and shopping malls to maintain their competitiveness and stay ahead of the market. The enlarged shopping mall at Grand Central Plaza in Sha Tin was renamed HomeSquare after a revamp to offer one-stop shopping choices for home furnishing and household products, and a major upgrade gave Tsuen Wan Plaza and Landmark North new mixes of shops and enhanced shopping environment.

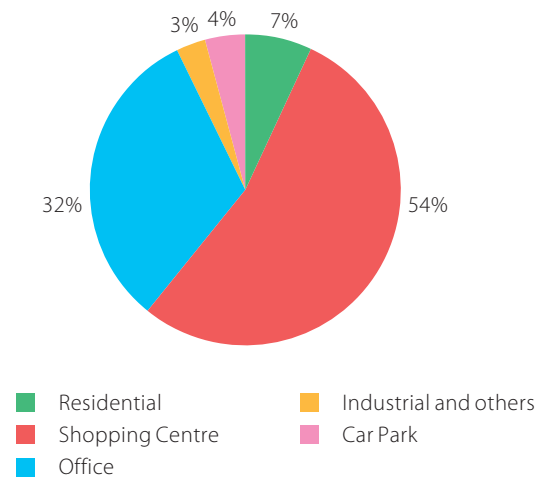


Gross Rental Income *



Trendy retailers in WTC More in Causeway Bay attract tourists and local consumers

Gross Rental Income by Sector *



East Point City in Tseung Kwan O stages various activities to boost patronage

* including contributions from jointly controlled entities and associates



Diverse stores make New Town Plaza in Sha Tin a favourite with shoppers

Property Investment



HarbourView Place at Kowloon Station (left) and Four Seasons Place in Central (right) offer comprehensive service and premium facilities for guests

Completed Investment Properties

Shopping Centres

Occupancy of the Group's 9.9 million-square-foot retail space in Hong Kong remained high, with increased rents in major malls during the year. The Group takes steps to attract more traffic to its malls with innovative marketing and promotions. It is also working to draw more mainland shoppers. IFC Mall, a major attraction in Central, is virtually fully let, and the Group's other major malls like Grand Century Place in Mong Kok, Metroplaza in Kwai Chung, APM in Kwun Tong and Landmark North in Sheung Shui recorded nearly full occupancies.

Offices

The Group owns 10.2 million square feet of quality office space throughout Hong Kong. Overall occupancy remained high over the year and increased rents were recorded for both renewals and new leases. About 95 per cent of the newly-completed ICC at Kowloon Station is leased and the office space in IFC is almost fully occupied. Other premium office developments like Millennium City in Kowloon East, Sun Hung Kai Centre and Central Plaza in Wan Chai, and Grand Century Place in Mong Kok recorded high occupancies.

Residential & Suites

The Group holds around a million square feet of residential properties for lease, comprising mainly luxury developments like Dynasty Court. It also owns serviced suites in Four Seasons Place in Central and The HarbourView Place at Kowloon Station that provide attentive service to long-staying guests. Signature Homes oversees high-end leasing for the Group, and is dedicated to offering tenants comprehensive, personal one-stop service.

Other Properties

The Group owns over 34,000 car parking bays that contribute steady rental income, as well as a number of industrial buildings, godowns and data centres. It is evaluating the possibility of converting selected industrial premises to other uses.



Investment Properties Under Development

Constant upgrades optimize the Group's investment property portfolio. The Group has been refining its investment property mix over the years, gradually increasing the proportion of high-grade investment properties in prime locations by building new landmark projects and replacing selected non-core properties.

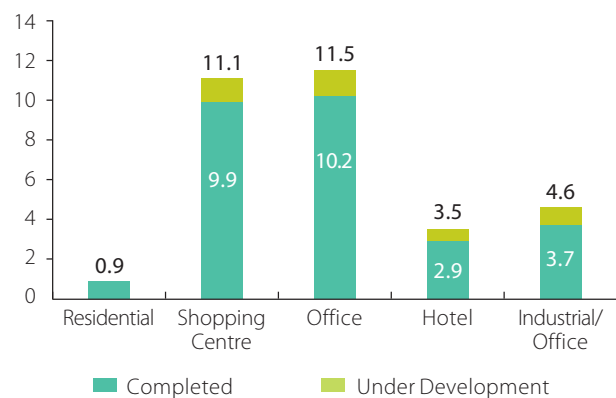
KCC Phase 2 is a major office project under development. It is on a prime site close to an MTR station with public transportation connections including convenient access to the airport, container terminals and the border. This will include premium office space and supporting retail area totalling 518,000 square feet, with an air-conditioned footbridge to let people get to the MTR station from the development in a few minutes. As with the first grade-A office tower, the second will feature international specifications, high technology, fine architecture, eco-friendly design concepts and advanced green elements to appeal to multinationals and reinvigorate the district.

The Group will complete a number of major shopping malls in the next three to four years. The 205,000-square-foot Mikiki in southeast Kowloon is set to open in the second quarter of 2011. Its trendy and spacious interior and tailored tenant mix will offer shoppers, particularly young people, an enjoyable environment and experience. The Group is creating a new shopping and entertainment hub at Yuen Long town centre, comprising the 471,000-square-foot mall under development at Yuen Long Town Lot 507, and the retail podiums at YOHO Midtown and Sun Yuen Long Centre. This new complex, with a total area of a million square feet, will be comparable to Group's flagship mall New Town Plaza in Sha Tin. There will be footbridges connecting to the West Rail station and the journey to the core areas of Kowloon by MTR will take just around 20 minutes. The Group is also developing a 269,000-square-foot mall right next to the Tuen Mun West Rail station. Construction is progressing as planned and its strategic location at a new regional transportation hub will make it a leading shopping centre in the district.

The Group has an attributable four million square feet of new investment properties under development. Around 1.3 million square feet is slated to be premium office space with the latest technology and modern facilities. Retail space will account for 1.2 million square feet. The remaining 1.5 million square feet will be developed into up-market hotels or are prime industrial sites being converted to office use.

Investment Properties: Completed and Under Development

million square feet



Property Investment

Major Completed Investment Properties

Project	Location	Lease Expiry	Group's Interest (%)	Residential
Hong Kong Island				
One IFC	1 Harbour View Street, Central	2047	50	—
Two IFC & IFC Mall	8 Finance Street, Central	2047	50	—
Four Seasons Hotel and Four Seasons Place	8 Finance Street, Central	2047	50	—
Sun Hung Kai Centre	30 Harbour Road, Wan Chai	2127	100	—
Central Plaza	18 Harbour Road, Wan Chai	2047	50	—
World Trade Centre / WTC More	280 Gloucester Road, Causeway Bay	2842	100	—
Dynasty Court (Blocks 2 & 3)	23 Old Peak Road	2886	100	341,000
MEGA iAdvantage	399 Chai Wan Road, Chai Wan	2112	84.6	—
Pacific View (Blocks 2 & 3)	38 Tai Tam Road	2047	100	248,000
Chi Fu Landmark	Chi Fu Road	2126	100	—
Hillsborough Court (Block 4)	18 Old Peak Road	2884	100	126,000
Kowloon				
ICC	1 Austin Road West	2047	Joint venture	—
The HarbourView Place / W Hong Kong / Ritz-Carlton	1 Austin Road West	2047	Joint venture	—
Millennium City 1*	388 Kwun Tong Road	2047	100	—
Millennium City 2	378 Kwun Tong Road	2047	50	—
Millennium City 3	370 Kwun Tong Road	2047	100	—
Millennium City 5 / APM	418 Kwun Tong Road	2047	100	—
Millennium City 6	392 Kwun Tong Road	2047	100	—
Grand Century Place	193 Prince Edward Road West, Mong Kok	2047	100	—
Royal Plaza Hotel	193 Prince Edward Road West, Mong Kok	2047	100	—
The Royal Garden	69 Mody Road, Tsim Sha Tsui	2127	100	—
Kerry Hung Kai Godown	3 Fat Tseung Street, Cheung Sha Wan	2047	50	—
APEC Plaza	49 Hoi Yuen Road, Kwun Tong	2047	100	—
The Sun Arcade	28 Canton Road, Tsim Sha Tsui	2047	100	—
Peninsula Tower	538 Castle Peak Road, Cheung Sha Wan	2047	100	—
New Tech Plaza	34 Tai Yau Street, San Po Kong	2047	100	—
Hing Wah Centre	82-84 To Kwa Wan Road	2099	100	—
26 Nathan Road	26 Nathan Road	2039	100	—
Infotech Centre	21 Hung To Road, Kwun Tong	2047	100	—
New Territories				
New Town Plaza I	18 Shatin Centre Street, Sha Tin	2047	100	—
New Town Plaza III	2-8 Shatin Centre Street, Sha Tin	2047	100	—
New Town Tower	10-18 Pak Hok Ting Street, Sha Tin	2047	100	—
Grand Central Plaza / HomeSquare	138 Shatin Rural Committee Road, Sha Tin	2047	100	—
Royal Park Hotel	8 Pak Hok Ting Street, Sha Tin	2047	100	—
Metroplaza Tower I & Shopping Centre	223 Hing Fong Road, Kwai Chung	2047	100	—
Tai Po Mega Mall	9 On Pong Road, Tai Po	2047	100	—
Tsuen Wan Plaza	5-21 Pak Tin Par Street, Tsuen Wan	2047	100	—
KCC Phase 1	51 Kwai Cheong Road, Kwai Chung	2047	100	—
Landmark North	39 Lung Sum Avenue, Sheung Shui	2047	100	—
Sun Hung Kai Logistics Centre	8 Wong Chuk Yeung Street, Sha Tin	2047	100	—
East Point City Shopping Centre	8 Chung Wa Road, Tseung Kwan O	2047	100	—
Royal View Hotel	353 Castle Peak Road, Ting Kau	2047	100	—
Sun Yuen Long Centre Shopping Arcade	8 Long Yat Road, Yuen Long	2047	87.5	—
Park Central Shopping Centre	Tseung Kwan O Town Lots 57 & 66	2047	57.52/25	—
Citygate / Novotel Citygate Hong Kong Hotel	Tung Chung Town Lot 2	2047	20	—
Grand City Plaza	1-17 Sai Lau Kok Road, Tsuen Wan	2047	100	—
Yuen Long Plaza Shopping Arcade	249-251 Castle Peak Road, Yuen Long	2047	100	—
Advanced Technology Centre	2 Choi Fat Street, Sheung Shui	2047	100	—
Jumbo iAdvantage	145-159 Yeung Uk Road, Tsuen Wan	2047	84.6	—
Uptown Plaza Shopping Arcade	9 Nam Wan Road, Tai Po	2047	100	—
Chelsea Heights	1 Shek Pai Tau Path, Tuen Mun	2047	100	—

* Including the attributable share in areas held by SUNeVision, in which the Group has an 84.6 per cent interest.



Attributable Gross Floor Area (square feet)

Shopping Centre	Office	Hotel	Industrial/Office	Total
—	392,000	—	—	392,000
320,000	566,000	—	—	886,000
—	—	550,000	—	550,000
53,000	851,000	—	—	904,000
—	700,000	—	—	700,000
280,000	232,000	—	—	512,000
—	—	—	—	341,000
—	—	—	296,000	296,000
—	—	—	—	248,000
172,000	—	—	—	172,000
—	—	—	—	126,000
—	2,495,000	—	—	2,495,000
—	—	1,023,000	—	1,023,000
27,000	890,000	—	—	917,000
—	133,000	—	—	133,000
—	84,000	—	—	84,000
598,000	308,000	—	—	906,000
32,000	370,000	—	—	402,000
725,000	475,000	—	—	1,200,000
—	—	400,000	—	400,000
—	—	295,000	—	295,000
—	—	—	285,000	285,000
—	—	—	240,000	240,000
205,000	—	—	—	205,000
—	—	—	198,000	198,000
—	—	—	183,000	183,000
—	—	—	183,000	183,000
53,000	124,000	—	—	177,000
—	—	—	114,000	114,000
1,300,000	—	—	—	1,300,000
350,000	—	—	—	350,000
—	96,000	—	—	96,000
310,000	431,000	—	—	741,000
—	—	258,000	—	258,000
600,000	569,000	—	—	1,169,000
589,000	—	—	—	589,000
583,000	—	—	—	583,000
56,000	521,000	—	—	577,000
182,000	375,000	—	—	557,000
—	—	—	500,000	500,000
415,000	—	—	—	415,000
—	—	310,000	—	310,000
245,000	—	—	—	245,000
195,000	—	—	—	195,000
99,000	32,000	47,000	—	178,000
35,000	137,000	—	—	172,000
145,000	—	—	—	145,000
—	—	—	142,000	142,000
—	—	—	127,000	127,000
120,000	—	—	—	120,000
116,000	—	—	—	116,000



The shopping mall at Grand Central Plaza in Sha Tin is now called HomeSquare after renovations and the introduction of home furnishing shops



Landmark North in Sheung Shui has a new mix of retailers to enhance the shopping experience

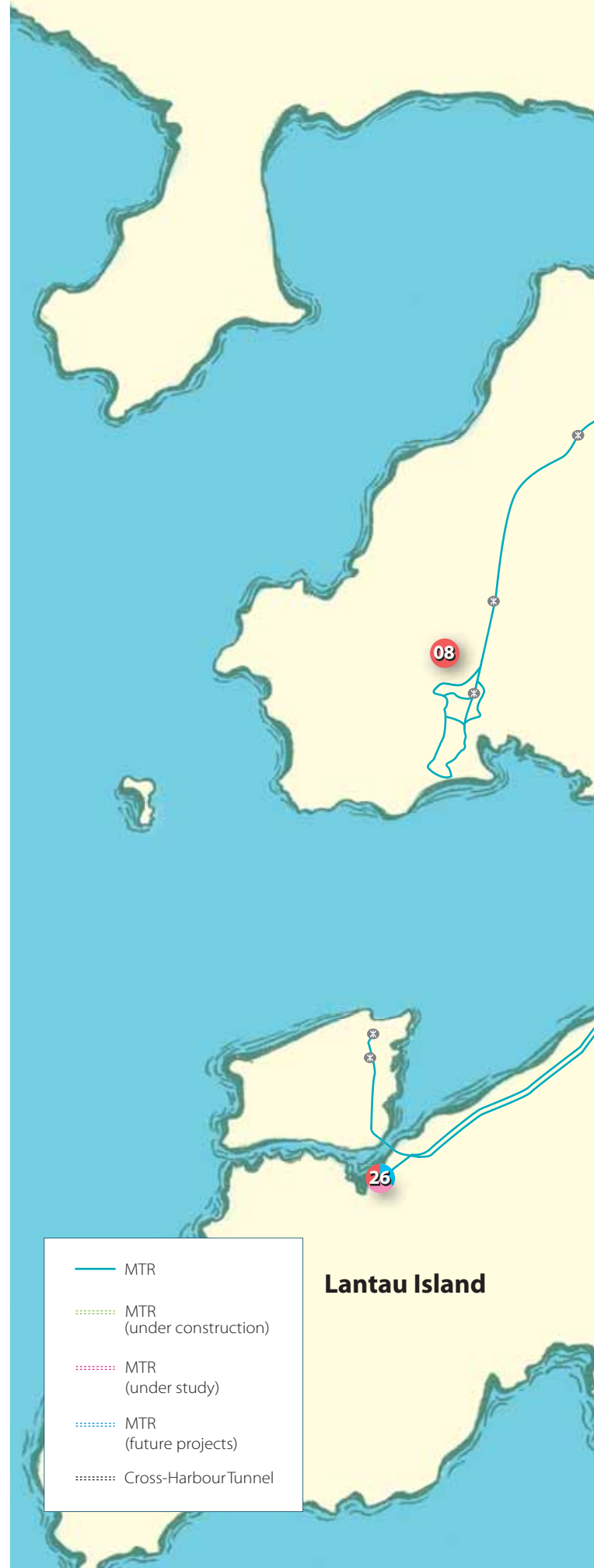
Property Investment

Major Completed Investment Properties

- Residential ● Shopping Centre ● Office
- Industrial/Office ● Hotel

- | | | |
|----|-------|--|
| 01 | ● | Dynasty Court |
| 02 | ● | Hillsborough Court |
| 03 | ● | Pacific View |
| 04 | ● | Uptown Plaza |
| 05 | ● | Tai Po Mega Mall |
| 06 | ● | Sun Yuen Long Centre |
| 07 | ● | Yuen Long Plaza |
| 08 | ● | Chelsea Heights |
| 09 | ● | Tsuen Wan Plaza |
| 10 | ● | The Sun Arcade |
| 11 | ● | East Point City |
| 12 | ● | Park Central |
| 13 | ● | Chi Fu Landmark |
| 14 | ● ● | New Town Plaza / New Town Tower |
| 15 | ● ● | Grand Central Plaza / HomeSquare |
| 16 | ● ● | Landmark North |
| 17 | ● ● | Grand City Plaza |
| 18 | ● ● | Metroplaza |
| 19 | ● ● | KCC Phase 1 |
| 20 | ● ● | Grand Century Place |
| 21 | ● ● | 26 Nathan Road |
| 22 | ● ● | Millennium City Phases 1, 2, 3, 5 & 6 / APM |
| 23 | ● ● | IFC |
| 24 | ● ● | Sun Hung Kai Centre |
| 25 | ● ● | World Trade Centre / WTC More |
| 26 | ● ● ● | Citygate / Novotel Citygate Hong Kong Hotel |
| 27 | ● | Central Plaza |
| 28 | ● ● | The HarbourView Place / W Hong Kong / Ritz-Carlton Hotel / ICC |
| 29 | ● | Sun Hung Kai Logistics Centre |
| 30 | ● | Advanced Technology Centre |
| 31 | ● | Jumbo iAdvantage |
| 32 | ● | Peninsula Tower |
| 33 | ● | Kerry Hung Kai Godown |
| 34 | ● | New Tech Plaza |
| 35 | ● | Hing Wah Centre |
| 36 | ● | APEC Plaza |
| 37 | ● | Infotech Centre |
| 38 | ● | MEGA iAdvantage |
| 39 | ● | Royal Park Hotel |
| 40 | ● | Royal View Hotel |
| 41 | ● | Royal Plaza Hotel |
| 42 | ● | The Royal Garden |
| 43 | ● | Four Seasons Hotel / Four Seasons Place |

Shenzhen



Lantau Island



New Territories

Kowloon

Hong Kong Island

Mainland Property Business

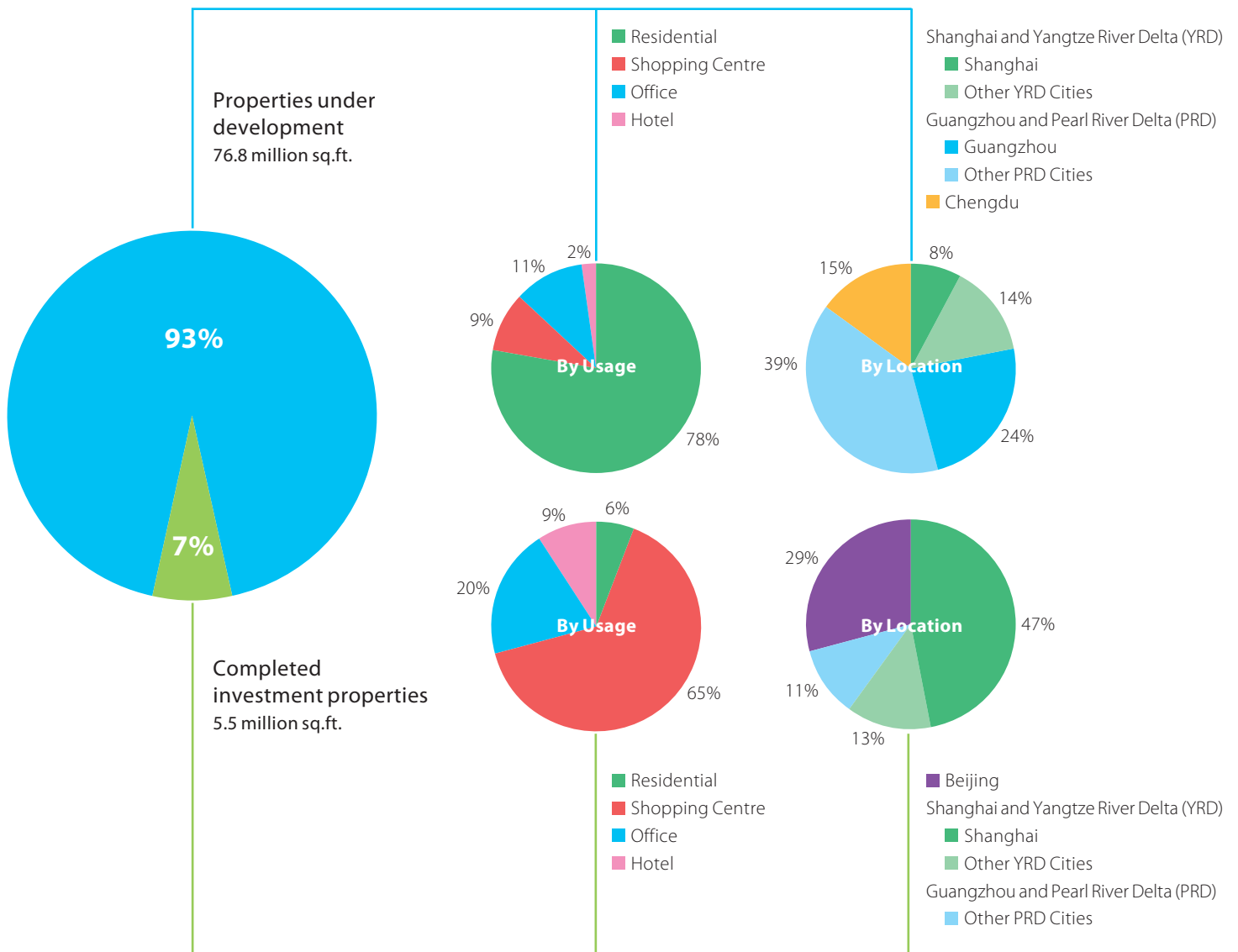
Highlights

- Held 76.8 million square feet of properties for development on the mainland plus 5.5 million square feet of completed properties for rent
- Completed an attributable 961,000 square feet of residential properties for sale
- Sold or pre-sold HK\$2,246 million worth of properties on the mainland
- Follows a selective, focused investment strategy concentrating on prime cities

Land Bank

Mainland China Land Bank Composition

(82.3 million square feet in attributable gross floor area as at 30 June 2010)





The Group added several prime sites to its mainland land bank during the year under review. Details of the new acquisitions are described on page 12 in the Chairman's Statement. The Group's mainland development land bank was 76.8 million square feet of attributable gross floor area as at 30 June 2010, of which close to 80

per cent will be high-end residences. The Group holds another 5.5 million square feet completed investment properties, comprising premium offices, shopping centres and a hotel in prime locations.

The Group's mainland land bank as at 30 June 2010:

	Attributable Gross Floor Area (million square feet)		
	Under Development	Completed Investment Properties	Total
By Usage			
Residential*	60.2	0.3	60.5
Shopping centre	6.6	3.6	10.2
Office	8.1	1.1	9.2
Hotel	1.9	0.5	2.4
Total	76.8	5.5	82.3
By Location			
Beijing	—	1.6	1.6
Shanghai and Yangtze River Delta (YRD)	17.1	3.3	20.4
<i>Shanghai</i>	6.1	2.6	8.7
<i>Other YRD cities</i>	11.0	0.7	11.7
Guangzhou and Pearl River Delta (PRD)	48.3	0.6	48.9
<i>Guangzhou</i>	18.3	—	18.3
<i>Other PRD cities</i>	30.0	0.6	30.6
Chengdu	11.4	—	11.4
Total	76.8	5.5	82.3

* Includes serviced apartments

Mainland Property Business

Property Development

The Group is developing high-end residences on the mainland and buyers are impressed with the outstanding quality and design. Ongoing sales of residential projects in the next few years should raise earnings from the mainland.





Lake Dragon, Guangzhou

Property Development



The Shanghai IFC complex will be a new icon in the city with its premium offices, shopping mall and hotel



Shanghai IFC Mall houses an array of international brands

Residential markets on the mainland underwent a consolidation in most of 2010 due to Central government's tightening measures. Sales in major cities contracted and prices also came under pressure during April to July. Tighter mortgage lending, particularly for investment purchases, and other restrictive measures have made buyers cautious towards the residential market. Nevertheless, market conditions had improved in the recent two months. The current tightening measures should nonetheless help underpin more sustainable and healthy market development over the longer term. Demand for housing on the mainland should remain robust over the long term given its relatively fast economic growth, ongoing urbanization and generally rising affluence.

The Group remains optimistic about long-term prospects for mainland markets and will continue to seek investment opportunities on the mainland. It will adhere to its selective and focused investment strategy, focusing primarily on selected major cities including Beijing, Shanghai, Guangzhou and Shenzhen. The Group has about 60 million square feet of quality residential premises and serviced apartments under development on the mainland. Capitalizing on its recognized expertise in Hong Kong, the Group focuses on developing up-market residential units in core city areas or in prime locations served by comprehensive and convenient transport networks. The Group is well on track in extending its recognized brand to the mainland with the proven popularity of its developments put up for sale in Guangzhou, Hangzhou, Wuxi, Chengdu and Zhongshan in recent years.

Major Mainland Projects Under Development

SHANGHAI & YANGTZE RIVER DELTA

Shanghai IFC Lujiazui, Shanghai (100% owned)

Shanghai IFC is at 8 Century Avenue in the heart of the Lujiazui financial and trade zone in Pudong. The integrated complex will contain offices and retail and hotel space with a combined gross floor area of over four million square feet. The Group completed the first office tower containing 900,000 square feet in July last year, which houses the HSBC China head office of 22 floors. Shanghai IFC mall containing a million square feet of high-end retail space is open and the deluxe Ritz-Carlton Shanghai, Pudong hotel also commenced operation in the second quarter this year. Leasing performance of the offices and the mall is described on page 62 in the Mainland Property Investment Section. The rest of the Shanghai IFC development, including the second office tower of 1.3 million square feet and the serviced suite hotel IFC Residence measuring over 400,000 square feet, is scheduled for completion by mid-2011.



Shanghai ICC

*Huai Hai Zhong Road Lot 3, Shanghai
(100% owned)*

The development is in the heart of Puxi's commercial and retail zone. It will be connected to an existing and two proposed mass transit stations at the convergence of three lines. The project will provide around three million square feet of floor area in a first-class retail mall, two office buildings and about 70 luxury apartments. After the year under review, the Group has recently acquired the remaining stake in the project and now owns 100 per cent of this development. Work is progressing smoothly with the first office tower of over 600,000 square feet scheduled for completion in mid-2011. The 1.3 million-square-foot mall is set to open in late 2011 and will be the most comprehensive premium shopping destination and retail focus in Shanghai.

Wei Fong Project

*Pudong, Shanghai
(100% owned)*

This project is on the bank of the Huangpu River in the most prestigious residential area of Pudong, with a panoramic view of the famous Bund. The whole development will comprise 1.7 million square feet of world-class residential units and serviced apartments that are set to redefine luxury living in Shanghai. Construction is under way with the first phase scheduled for completion in the first half of 2013. This initial phase will have approximately 200 luxury residences that are planned for sale in mid-2011.



Shanghai ICC is in the busiest commercial area of Puxi with convenient transport



The Wei Fong project in Shanghai will enjoy magnificent views of the Bund

Property Development



The mall at Hangzhou MIXC has a wide range of top retailers

Hangzhou MIXC

*Qianjiang New City, Hangzhou
(40% owned)*

Hangzhou MIXC will have six million square feet of gross floor area containing a large shopping mall, grade-A offices, five-star hotels and luxury residences. The development is in the Qianjiang New City central business district close to the new municipal government headquarters, with easy accessibility via an extensive transport network. One of the two subway stations that will connect directly with the project is scheduled for completion in 2011. The first 2.8 million-square-foot phase of the development comprising MIXC Residence and a shopping mall was completed during the year. Planning of the remaining phases is being finalized and construction will commence soon.

Hexi CBD Project

*Nanjing
(100% owned)*

This project is in the new Nanjing town centre with a gross floor area of 1.7 million square feet. The Group is finalizing the planning of this development, which should include a shopping centre, five-star hotel, premium offices and a serviced suite hotel.



Suzhou Project

Suzhou

(90% owned)

The Suzhou project encompasses three sites with a total gross floor area of 3.5 million square feet. Two lakefront sites will be developed into a five-star hotel and over 200 town houses. The third site will be an integrated development of 1.9 million square feet featuring a luxury shopping mall, offices and high-end serviced apartments.

Taihu International Community

Taihu New City, Wuxi

(40% owned)

Taihu International Community will be a comprehensive development with about 14 million square feet of residential units, serviced apartments and hotel and retail space. The project is in a scenic area in Taihu New City with a panoramic view of the lake, complemented by a full range of community facilities including a new art and culture centre, kindergarten, sports ground and convenient transport. Residential units have been offered for sale in phases since 2007 and were well-received by buyers. About 570 units were sold during the year under review, bringing the cumulative total of units sold to over 2,600.



The Suzhou integrated development will be a new icon in the city



Buyers like Taihu International Community in Wuxi for its full facilities

Property Development

GUANGZHOU & PEARL RIVER DELTA

The Arch

Sandong Avenue of Huadu, Guangzhou
(95% owned)

This development is at the centre of Huadu, with convenient access to the Guangzhou Baiyun International Airport and Guangzhou's city centre. The project has a total gross floor area of 1.1 million square feet and over 600 luxury residential units for sale. The superior quality of the project appealed to buyers and virtually all units have been sold at premium prices. Construction finished in September this year.

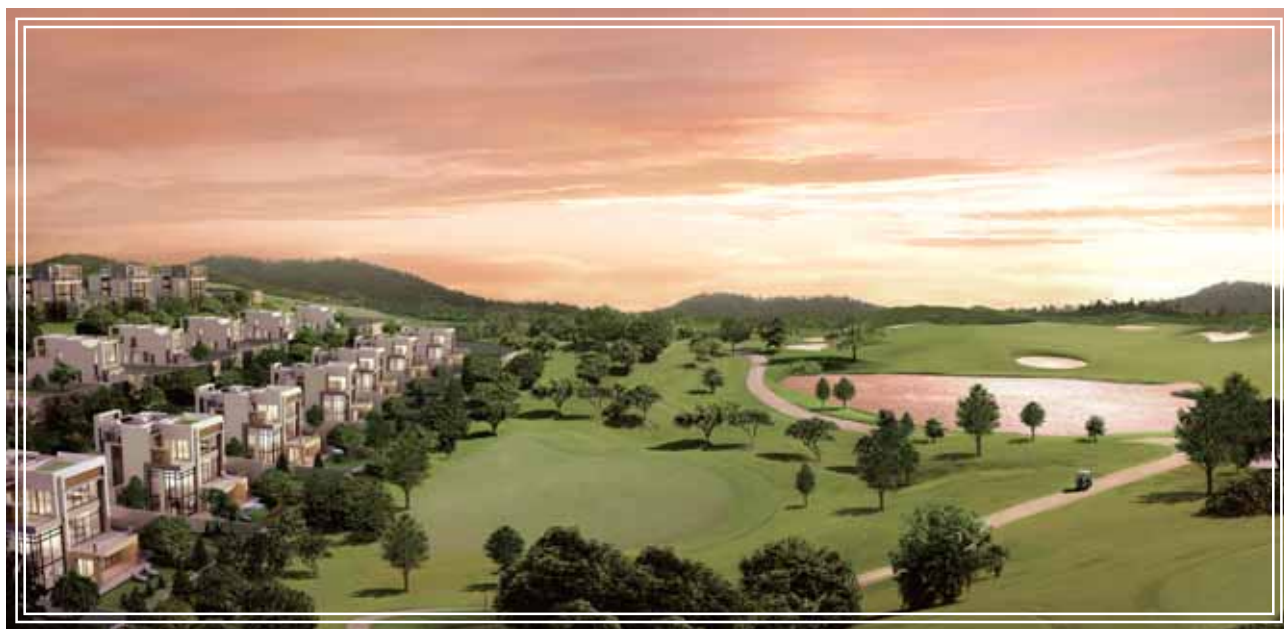
Lake Dragon

Huadu, Guangzhou
(60% owned)

This project is in the scenic Dragon Lake resort area close to the Guangzhou city centre and Guangzhou Baiyun International Airport. It will have 8.5 million square feet of gross floor area in a low-density development integrated with a golf course. The 245 houses in Phases 1A & 1B are almost all sold at premium prices that reflect the Group's reputable brand name. These two phases have an aggregate gross floor area of about 1.3 million square feet scheduled for completion in the second half of 2010. Construction of the second phase has commenced. It will provide another 760,000 square feet of luxury residences, with completion planned for the second half of 2012.



Stylish design of The Arch in Guangzhou



Lake Dragon in Guangzhou surrounded by lush greenery



Liede Project

Zhujiang Xincheng, Guangzhou

(33.3% owned)

This will be an integrated complex in the new Zhujiang Xincheng business area in Guangzhou. The Group has a one-third of interest in the consortium developing a six million-square-foot complex comprising a large shopping mall, premium offices, a hotel and serviced apartments. Construction is under way with about a million square feet of premium residences to be completed in the first half of 2012.

Shiling Project

Huadu, Guangzhou

(100% owned)

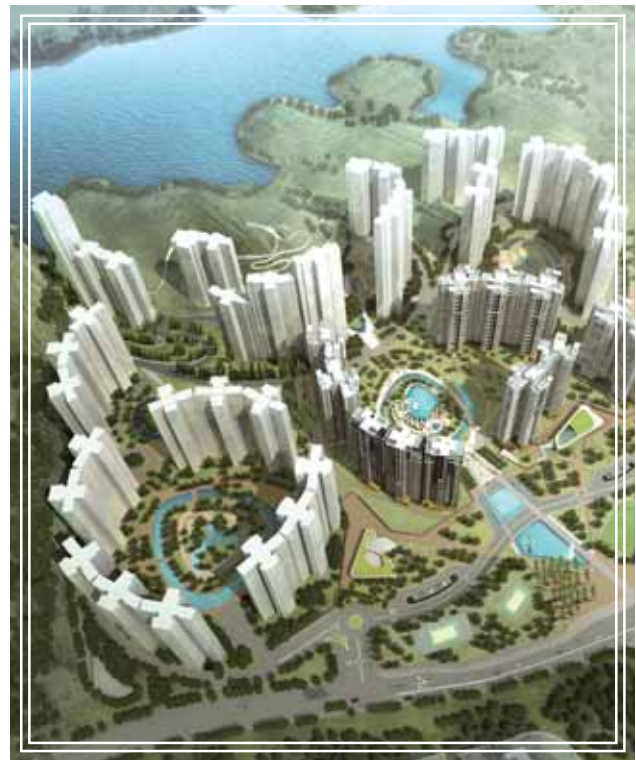
The Shiling project is another of the Group's major developments in Huadu. The project will have a total gross floor area of about 8.7 million square feet containing residential units with stunning views of the reservoir. The community will be served by a full range of supporting facilities including a school and nursery. Piling commenced during the year with completion planned in phases.

Linhe Project

Tianhe, Guangzhou

(70% owned)

The site is in the north of Tianhe District, a traditional luxury residential area and the busiest, most prosperous part of Guangzhou. It is near the Guangzhou East Railway station that offers intercity rail service between Guangzhou and Hong Kong and is also an interchange with the Guangzhou metro. The Group has a 70 per cent stake in the two million square feet of high-end residences to be developed on this prime site.



The Shiling project in Guangzhou will offer scenic views of a reservoir

Property Development

Chancheng Project

Chancheng, Foshan

(80% owned)

The site is in central Foshan, which is now merging with Guangzhou to form the most prosperous metropolis in the Pearl River Delta. This will be an integrated complex with 30 million square feet of total gross floor area and a new landmark in the emerging metropolis. Construction will take place in phases and over 80 per cent of the total floor area will be developed into premium residential premises. It will be connected to the heart of Guangzhou by a new rail link that will commence operation in 2012. In addition to convenient accessibility, the site also has excellent views of the Dongping River.

The Woodland

Zhongshan 5 Road, Zhongshan

(Joint venture)

The Woodland is a low-rise development of over five million square feet of premium residential units being built in phases. The first three phases are complete and work on Phase 4A, with over 130,000 square feet of gross floor area, is under way and scheduled for completion in the first half of 2011.

Shilong Project

Shilong, Dongguan

(100% owned)

The site is in the centre of Shilong in the northern part of Dongguan and will be developed into 2.8 million square feet of premium residential units, most with panoramic river views.



Green and relaxing surroundings at The Woodland in Zhongshan



OTHER CITIES

Chengdu Jovo Town Shuangliu County, Chengdu (91% owned)

The project has a total gross floor area of more than six million square feet and will be developed into deluxe residences. It is in the southern part of Chengdu near the new embassy area and the Exhibition and Convention Centre, right next to the largest Ocean Park in Chengdu opened this year. Construction of the six residential towers in Phase 1A, with over 1.1 million square feet of gross floor area will be completed by the end of this year and almost all standard units have been sold. Construction of Phase 1B, which will provide another 850,000 square feet of premium residences, is under way with completion scheduled for the second half of 2012.

Chengdu ICC Jinjiang, Chengdu (40% owned)

Chengdu ICC is in the new financial and business centre of Chengdu with easy access. It will be linked directly to a subway station currently under construction. The project is destined to become a new landmark in the city with international appeal. The development will have over 13 million square feet of gross floor area made up of a high-end shopping mall, grade-A offices, a five-star hotel and deluxe residences, along with comprehensive community facilities.



Jovo Town in Chengdu will redefine modern luxury living in the city



The Chengdu ICC complex will be a major new landmark to the city

Property Development

Major Mainland Properties Under Development by Year of Completion

Project	Project Name	City	Group's Interest (%)
Projects to be completed in financial year 2010/11			
Lujiazui Project Phase 2	Shanghai IFC	Shanghai	100
Huai Hai Zhong Road Lot 3 Phase 1	Shanghai ICC	Shanghai	100
Taihu New City Project Phase 3	Taihu International Community	Wuxi	40
Sandong Avenue Project	The Arch	Guangzhou	95
Dragon Lake Project Phase 1A & 1B	Lake Dragon	Guangzhou	60
Zhongshan 5 Road Project Phase 4A	The Woodland	Zhongshan	Joint Venture
Shuangliu County Project Phase 1A	Jovo Town	Chengdu	91
Year Total			
Projects to be completed in financial year 2011/12			
Huai Hai Zhong Road Lot 3 Phase 2	Shanghai ICC	Shanghai	100
Taihu New City Project Phase 4	Taihu International Community	Wuxi	40
Liede Project Phase 1		Guangzhou	33.3
Year Total			
Projects to be completed in financial year 2012/13 and beyond			
Wei Fong Project		Shanghai	100
Huai Hai Zhong Road Lot 3 Phase 3	Shanghai ICC	Shanghai	100
Qianjiang New City Project remaining phases	Hangzhou MIXC	Hangzhou	40
Taihu New City Project remaining phases	Taihu International Community	Wuxi	40
Suzhou Project		Suzhou	90
Hexi CBD Project		Nanjing	100
Dragon Lake Project remaining phases	Lake Dragon	Guangzhou	60
Shiling Project		Guangzhou	100
Liede Project remaining phases		Guangzhou	33.3
Linhe Project		Guangzhou	70
Chancheng Project		Foshan	80
Zhongshan 5 Road Project remaining phases	The Woodland	Zhongshan	Joint Venture
Shilong Project		Dongguan	100
Shuangliu County Project remaining phases	Jovo Town	Chengdu	91
Dongda Avenue Project	Chengdu ICC	Chengdu	40
Total			

* Gross floor area including retail basement area



Attributable Floor Area(square feet)*

Residential	Shopping Centre	Office	Hotel	Total
—	160,000	1,326,000	413,000	1,899,000
—	—	666,000	—	666,000
559,000	108,000	—	—	667,000
1,090,000	—	—	—	1,090,000
784,000	—	—	—	784,000
133,000	—	—	—	133,000
1,020,000	—	—	—	1,020,000
3,586,000	268,000	1,992,000	413,000	6,259,000
216,000	1,307,000	—	—	1,523,000
1,914,000	—	—	—	1,914,000
363,000	2,000	—	—	365,000
2,493,000	1,309,000	—	—	3,802,000
1,651,000	24,000	—	—	1,675,000
—	—	615,000	—	615,000
407,000	80,000	755,000	155,000	1,397,000
1,398,000	680,000	—	69,000	2,147,000
1,360,000	373,000	946,000	471,000	3,150,000
—	646,000	878,000	176,000	1,700,000
4,297,000	—	—	—	4,297,000
8,723,000	—	—	—	8,723,000
546,000	359,000	554,000	215,000	1,674,000
1,356,000	19,000	—	—	1,375,000
20,518,000	2,232,000	861,000	172,000	23,783,000
3,324,000	—	—	—	3,324,000
2,784,000	—	—	—	2,784,000
4,920,000	—	—	—	4,920,000
2,902,000	677,000	1,656,000	160,000	5,395,000
54,186,000	5,090,000	6,265,000	1,418,000	66,959,000



Spacious modern lobby at Shanghai IFC



Modern architecture and elegant design of the town house of Lake Dragon in Guangzhou



Mainland Property Business

Property Investment

Leasing performance of the Shanghai IFC tower one offices and Shanghai IFC Mall is encouraging. Shanghai IFC, Shanghai ICC and premium hotels in major cities, upon their full completions, will significantly boost contributions from mainland projects.





Shanghai IFC

Property Investment

The Group completed the first phase of Shanghai IFC and the mall at Hangzhou MIXC during the year, bringing its mainland investment property portfolio to an attributable 5.5 million square feet as at June 2010. The portfolio consists of up-market malls, premium offices and a world-class hotel, mainly in prime districts of Beijing and Shanghai.



Beijing APM is a major shopping and entertainment attraction for locals and tourists

Completed Investment Properties

Shopping Centres

The opening of Shanghai IFC Mall and Hangzhou MIXC during the year brought the Group's mainland shopping centre portfolio to 3.6 million square feet in attributable terms.

A million square feet of Shanghai IFC Mall opened for business in April this year to take advantage of the World Expo. It has six floors and is almost fully let. It is a leading up-market mall in Shanghai with a full array of top retailers and renowned restaurants. The 1.6 million-square-foot mall at Hangzhou MIXC also had a soft opening in April this year and leasing has been over 95 per cent. The Group has a 40 per cent stake in this joint-venture project.

Beijing APM in Wangfujing remains a leading shopping and entertainment centre in the city, offering a wide collection of international retailers and food and beverage outlets. To stay ahead of competitors and provide shoppers with a fresh experience, the mall is undergoing a tenant mix refinement.

Offices

The Group has an attributable 1.1 million square feet of premium offices on the mainland as a long-term investment.

Shanghai IFC Tower One has advanced IT facilities and panoramic views of the Huangpu River. HSBC occupies 22 floors as its China headquarters and the remaining office space is nearly all leased to major and international corporations. Occupancy of the office space in Shanghai Central Plaza also remained high at 96 per cent. Leasing of offices at Beijing APM was satisfactory, despite a highly-competitive market.



Major Completed Mainland Investment Properties

Project	Location	Lease Expiry	Group's Interest (%)	Attributable Gross Floor Area (square feet)				
				Residential/ Serviced Apartments	Shopping Centre *	Office	Hotel	Total
Beijing								
Beijing APM	138 Wangfujing Dajie	2043	Joint venture	—	1,036,000	458,000	—	1,494,000
Shanghai & Yangtze River Delta								
Shanghai IFC Phase 1 & the Ritz-Carlton Shanghai, Pudong	8 Century Avenue, Lujiazui	2054	100	—	1,040,000	257,000	527,000	1,824,000
Shanghai Central Plaza	381 Huai Hai Zhong Road	2044	80	—	106,000	366,000	—	472,000
Arcadia Shanghai	88 Guang Yuan Xi Road	2064	100	304,000	27,000	—	—	331,000
Hangzhou MIXC	Qianjiang New City, Hangzhou	2046	40	—	656,000	—	—	656,000
Guangzhou & Pearl River Delta								
Nanhai Plaza	Nanhai Avenue, Foshan	2045	100	—	640,000	—	—	640,000

* Including basement retail area

Investment Properties Under Development

The Group is developing a number of investment projects in prime locations in key mainland cities. It had eight million square feet of premium offices, 6.5 million square feet of shopping centres and 1.8 million square feet of premium hotels under development as at 30 June 2010. These projects have convenient transport connections and most will be kept as long-term investments.

Shanghai IFC and Shanghai ICC are the two major investment properties the Group is developing on the mainland. The second phase of Shanghai IFC will be completed in the first half of 2011. It will include an office tower and the IFC Residence serviced suite hotel. The office tower will have 1.3 million square feet of premium

space that matches the first tower in terms of quality and facilities. Preliminary leasing has been going well. The Group's other major development – Shanghai ICC – will have around three million square feet of total gross floor area.

The Group is developing other shopping mall, office and hotel projects on the mainland. These include Taihu International Community in Wuxi, Suzhou project, Hexi CBD project in Nanjing, Liede project in Guangzhou, Changcheng project in Foshan and Dongda Avenue project in Chengdu. Details are covered in the Major Mainland Projects Under Development section on pages 48 to 59.

Property Related Businesses

The Group's six hotels in Hong Kong did well this year. The Group expanded its hotel portfolio on the mainland during the year with the opening of the Ritz-Carlton Shanghai, Pudong in June. The Ritz-Carlton at Kowloon Station in Hong Kong will open in early 2011.





The Ritz-Carlton Shanghai, Pudong

Property Related Business



Restaurants at The Royal Garden in Tsim Sha Tsui, Hong Kong are well known for quality food and service



The Royal Plaza Hotel in Mong Kok, Hong Kong offers comprehensive facilities

Hotels

Hong Kong's hospitality sector has been recovering quickly from the financial turmoil. While tourist arrivals from the mainland continued growing, the number of overseas visitors also returned to positive year-on-year growth in late 2009. The Group's hotels achieved an average occupancy of close to 90 per cent in the year, while room rates saw steady improvement in recent months along with the market recovery.

The Royal Garden performed reasonably well during the year under review, and took steps to enhance its service and image such as opening a newly-renovated Crown Club Executive Floor Lounge. A major renovation of all guest rooms will be carried out during the coming financial year. The Royal Garden is the only hotel with six Michelin-recommended restaurants for a second consecutive year. Le Soleil Vietnamese restaurant was given the BIB Gourmand designation, and the Royal Garden Chinese restaurant, Inagiku Japanese restaurant, Dong Lai Shun and Sabatini Italian restaurant were also recognized for quality and value.

The Royal Plaza Hotel achieved good results, with growth in average room rates and occupancy. The hotel expanded its share of the corporate market by offering more tailored room packages, and it saw an upswing in online bookings through its website. The banquet business did well, as did the La Scala restaurant. The Royal Plaza Chinese restaurant remained popular and won two gold Best of the Best culinary awards from The Chinese Cuisine Training Institute.

The Royal Park Hotel sales and marketing team has been tapping new markets in Asia including Singapore, Indonesia and Japan, which are expected to provide reliable revenue in the years to come. The hotel invested in wireless broadband and associated networking service in its food and beverage outlets during the year to enhance competitiveness. Its Chinese restaurant was recently refurbished with more seating, and this should produce more meeting and banquet business.

The Royal View Hotel provides a wide selection of local room packages so that guests can experience a memorable stay, and it renovated its Kid's Room last year to offer young guests more fun. Successful promotions resulted in substantial growth in dining and banquet revenue, and the hotel will further strengthen its high-quality guest service.



The Royal Park Hotel in Sha Tin, Hong Kong taps new markets with upgraded facilities



W Hong Kong showed strong, steady growth during the year, and won prestigious accolades including being named one of the Ten Trendiest Hotels in the World by *TripAdvisor Traveler Choice*, My Favorite Boutique Hotel by *Hotels Magazine* (Chinese edition), Urban Spa of the Year by *AsiaSpa Magazine*, and Best New Business Hotel in Asia Pacific by *Business Traveller Asia Pacific*. It was also named the official hotel of the Hong Kong International Film Festival for the second year in a row and will host world-class artists and offer the hottest happenings in town with different lifestyle luxury brands.

The Four Seasons Hotel is considered the city's leading hotel and it continues to build its international reputation. Four Seasons banquet facilities are in demand for exclusive social events and the hotel expects to host over 250 weddings in 2010. It continues to receive numerous accolades and awards. It is on the *Forbes* five-star list and received three stars in the 2010 Michelin Guide for its signature Caprice and Lung King Heen restaurants, making the Four Seasons the only hotel in the world with two Michelin three-star restaurants.

Prospects for Hong Kong's hotel industry are encouraging. Business opportunities will continue to arise from the city's ongoing development as a major financial and business hub, and a primary tourist destination in the region. The Group is developing new premium hotels in Hong Kong to capitalize on this development. A deluxe Ritz-Carlton hotel, with 312 suites and



W Hong Kong at Kowloon Station is famous for its deluxe facilities and premium service



The Royal View Hotel in Ting Kau, Hong Kong provides a comfortable, resort-like environment



The Four Seasons Hotel in Central, Hong Kong appeals to guests from all over the world

rooms covering a gross floor area of over 400,000 square feet, at Kowloon Station is scheduled for opening in early 2011. Two more hotels are under construction above the Tseung Kwan O MTR station, with the first planned to commence operation in 2012.

The Group extended its hotel portfolio into mainland China with the opening of the Ritz-Carlton Shanghai, Pudong. The hotel has quickly become a new focal point of sophisticated nightlife in the city. It has won awards for 'Best New Hotel' and 'Best Presidential Suite' and is steadily building a clientele of local and international guests. The Group is also planning or is in the process of developing other premium hotels in key cities including Guangzhou, Hangzhou, Suzhou and Chengdu.

Property Related Business



The Group offers attentive, comprehensive service to residents and tenants

Property Management

The Group's property management subsidiaries the Hong Yip Service Company Limited and Kai Shing Management Services Limited continued expanding their operations and together now manage over 246 million square feet of properties in Hong Kong and on the mainland. The companies are committed to providing high-quality management and offering residents and tenants a full range of first-class, innovative services.

Hong Yip secured over 20 outside management contracts involving 3,800 units during the year under review and took over management of the Group's Peak One and GreenView residential developments in Hong Kong. Kai Shing began managing La Grande Vineyard in Hong Kong and will be the property manager of Liede Project on the mainland.



The Group extends its quality management service to projects on the mainland



Office buildings offer advanced monitoring systems for security enhancement

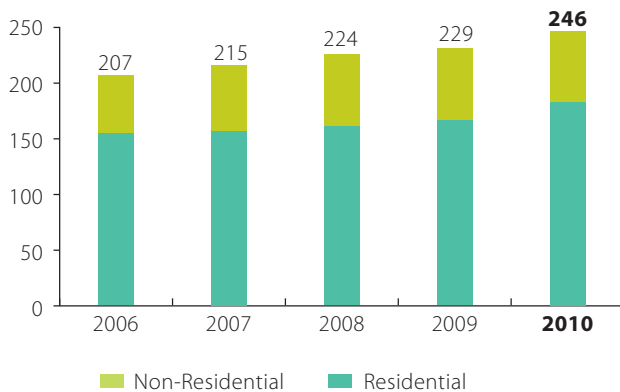


The companies recognize that well-trained staff are the key to providing courteous, high-quality service. Frontline staff participate in professional training programmes on customer care, concierge service, landscaping and more. Hong Yip was named a 'Manpower Developer' by the Employees' Retraining Board for its commitment to staff training and development.

Hong Yip and Kai Shing also place great emphasis on green property management. The estates they administer have energy efficiency, waste management and recycling programmes, as well as innovative landscaping enhancement. Carbon audits are also progressively launched in our estates. The companies earned numerous green accolades during the year, including four gold Best Landscape Awards from the Leisure and Cultural Services Department for Hong Yip and a gold Hong Kong Award for Environmental Excellence for Kai Shing.

Premises Managed by the Group

million square feet



Frontline staff are well-trained to provide quality service



Group property management staff get regular professional training



Comprehensive Home Convenience Service improves the quality of life for residents

Property Related Business



The Group is committed to quality construction with the finest materials, facilities and design

Construction

The construction division completed projects totalling 8.6 million square feet of floor area during the year, including YOHO Midtown, GreenView, Valais, Peak House and Tsing Lung Tau Lot 68, Millennium City Phase 6, International Commerce Centre Phase 3 and the Ritz-Carlton Hotel. The division achieved a turnover of HK\$11,000 million (on a progressive completion basis). Another HK\$140 million (on a progressive completion basis) was recorded by joint-venture companies.

Major residential developments in progress include The Latitude, Aria, Larvotto, Lime Habitat, Lime Stardom, Avignon and projects at Kowloon Inland Lot 11146, 18 Po Yip Street, Yuen Long, West Rail Tuen Mun Station, Tseung Kwan O Area 56, a luxury house development at 12 Mount Kellet Road, 9 Shouson Hill Road and CEO Tower. A number of addition and alteration projects are also in progress.

The construction division has several wholly-owned subsidiaries operating in related business. These subsidiaries provide various construction-related services to the Group as well as third party clients. Their services include electrical and fire prevention systems, construction plant and machinery, and landscaping.

Financial Services

The financial services division is made up of the Hung Kai Finance Company Limited and Honour Finance Company Limited. The division offers mortgages, deposit-taking and other services to support the Group's property development business, and it remained profitable despite increasing competition.

Insurance

The Group's wholly-owned subsidiary Sun Hung Kai Properties Insurance Limited registered growth in premium turnover and a healthy profit during the year under review, despite the competitive insurance market and volatile investment environment.

The company continues to expand its product variety to cope with the ever-changing demands of clients and strengthen market distribution channels to increase sources of revenue.

Telecommunications and Information Technology



Telecommunications

SmarTone achieved growth in all major areas of operations in the year under review with improved contribution from both mobile and wireless fixed services. Mobile benefited from increased adoption of smart phones and mobile broadband, as well as growth in corporate business. Wireless fixed registered healthy growth in both customer numbers and revenue.

The upgrade to all-IP fibre infrastructure that began in 2007 was completed during the year, providing for timely and efficient expansion of backhaul capacity as bandwidth demand increases. This increase will further improve the customer experience of smart phones, mobile broadband and wireless fixed broadband.

SmarTone is a leading provider of total communications service offering voice, broadband and multimedia applications in the mobile and fixed markets in Hong Kong. It will maintain this position with its outstanding network performance, differentiated service and unrivalled customer care. The company also introduced a 3G service in Macau, providing consumers with a refreshed brand and offering unique multi-media and Internet propositions.

The Group is confident in SmarTone's prospects and will continue to hold its stake in the company as a long-term investment.

Information Technology

SUNeVision built on its past success and recorded another profitable year with increased contributions from its data centre and last-mile connectivity businesses.

iAdvantage took up new space at a site in Sha Tin to offer a more diversified supply of data centre capacity to meet customer requirements and made further investments in quality infrastructure to reinforce its market position. Its carrier-neutral data centre facilities and service meet the increasingly stringent requirements of global financial firms, telecommunications and IT providers, multinational corporations and the public sector. Overall data centre occupancy was approximately 74 per cent.

SUNeVision's last-mile connectivity business also provided quality service to its corporate and residential customers.



SmarTone enhanced its service with an infrastructure upgrade



SUNeVision's iAdvantage provides world-class data centre facilities and service

Transportation, Infrastructure and Logistics

Franchised Bus Operations

The Group has a 33.3 per cent interest in Transport International Holdings Limited (TIH), which is listed on the Hong Kong Stock Exchange. The company's core business of franchised bus operations in Hong Kong was adversely affected by rising fuel prices and the loss of passengers to the expanding rail network. It has a taxi joint venture in Beijing and public bus service in Shenzhen that are making steady progress. TIH owns 73 per cent of RoadShow Holdings Limited, a media sales company in Hong Kong and on the mainland.

Toll Road

The Group owns 70 per cent of the Route 3 (CPS) Company Limited, which operates a dual three-lane expressway between Yuen Long and Ting Kau under a 30-year build-operate-transfer franchise that runs to 2025.

Route 3 includes the 3.8-kilometre Tai Lam Tunnel and 6.3-kilometre Tsing Long Highway and is a key link in the corridor that connects the border crossing at Lok Ma Chau and the northwest New Territories to Central, the Hong Kong International Airport, container ports in Kwai Chung and the Disney theme park on Lantau Island. It also helps relieve traffic pressure on both the Tuen Mun and Tolo Highways, providing faster, safer and seamless traffic-light free access for commuters. Traffic and toll revenue remained stable during the year.



Route 3 (CPS) provides a fast, convenient link for commuters



TIH is committed to premium bus services



Transport Infrastructure Management

The Group has made an important contribution to the development of Hong Kong's transport infrastructure such as parking, tunnels, bridges and toll roads through its 100 per cent ownership of the Wilson Group.

Wilson Parking won a significant number of new public and private parking contracts during the year under review with its recognized name and superior performance. It continues to lead the local parking industry with 319 car parks and some 100,000 bays.

Wilson was Hong Kong's first car park operator to receive Hong Kong Q-Mark Service certification from the Federation of Hong Kong Industries, and it was named Best Car Park Operator by the Hong Kong Housing Authority in recognition of its outstanding service. A number of Wilson's car parks have charging stations for electric vehicles following an agreement signed in May 2009 with CLP Power to promote green driving.

The Wilson tollway division has managed and maintained the Tsing Ma and Tsing Sha control areas since they opened. The second and third stages of the Tsing Sha link, which includes Stonecutters Bridge, opened to traffic in December 2009. Another key tollway under Wilson management is the 10.1 km Route 3 (Country Park Section). Wilson's transport infrastructure business now manages a total of 45 km of roadway in four bridges and six tunnels.

Parking Systems and SkiData Parking Systems, which are 100 per cent and 74 per cent owned by the Wilson Group respectively, source and supply a full range of highly innovation equipment. Wilson won exclusive rights to distribute the SkiData People Access System in Hong Kong and Macau, and it also secured exclusive rights to the new Visa payWave payment method in car parks.



Car park management is one of the Wilson Group's main businesses

Autotoll Limited is 50 per cent owned by the Wilson Group, and it won the Speed Map Panel (Journey Time Indication System for the New Territories) tender from the Transport Department during the year. The system is now in place in Kowloon and Hong Kong, enhancing Autotoll's position as the major provider of intelligent transport systems in the territory.

Wilson manages the car park at The Venetian Macau Resort, and existing operations in Shanghai have been supplemented by expanded operations overseen by a new Chengdu office. The year under review also saw upgraded systems installed in major car parks in Shanghai, Beijing, Guangzhou and Shenzhen.

Port Business

The River Trade Terminal is an important centre of river trade in the Pearl River Delta. The 65-hectare facility in Tuen Mun has 49 berths and 3,000 metres of quays. The terminal provides container handling and storage, a container freight station and other port-related service. The company had a throughput of 1.7 million TEUs in 2009 and achieved a satisfactory increase in profit despite the global downturn in shipping. The Group owns 50 per cent of the company.

Hoi Kong Container Services Company Limited is a wholly-owned subsidiary of the Group. It worked to meet the demand for more cost-effective service during the downturn and recorded a ten per cent growth in throughput in 2009 over the previous year. The company operates four berths and 3.3 hectares of yard space in Kwai Tsing and is a leading provider of comprehensive midstream container-related handling for intra-Asia shipping lines in Hong Kong.



Stonecutter's Bridge is in the Tsing Sha control area in Hong Kong managed by the Wilson Group

Transportation, Infrastructure and Logistics



The third hangar at the Hong Kong Business Aviation Centre is scheduled for completion in 2012



Quality service at the Airport Freight Forwarding Centre in Hong Kong attracts a global clientele

Air Transport and Logistics Business

The Airport Freight Forwarding Centre Company Limited (AFFC) operates a premier 1.5-million-square-foot air freight facility at Hong Kong International Airport. Its location, quality and reliability have attracted a full range of international logistics and transportation companies. A weakening of demand for cargo from late 2008 resulted in some drop in occupancy in early 2009, but business picked up quickly as air cargo recovered in the third quarter. It is expected that the company will do well in 2011.

Group subsidiary Expresslink Logistics Limited complements the AFFC by offering one-stop integrated cargo support and value-added services for the company's tenants. It lowers tenants' logistics costs and strengthens their competitive edge in the market.

The Hong Kong Business Aviation Centre Limited holds the franchise to serve private aircraft flying in and out of Hong Kong. It handled over 4,200 flights last year, as movements rebounded with the economic recovery. The company and the Hong Kong Airport Authority reached an agreement during the year for a third hangar, which is scheduled to be completed in 2012. The Group owns 35 per cent of the company.

Waste Management

The Group helps provide a greener and cleaner environment for the community through its 20 per cent ownership of Green Valley Landfill Limited and South China Transfer Limited.

Green Valley operates the 100-hectare South East New Territories Landfill in Tseung Kwan O with a capacity to handle 43 million cubic metres of waste. It has entered an agreement with the Hong Kong and China Gas Company to construct a landfill gas plant, converting gas generated at the site into usable energy. The project is tentatively scheduled for commissioning in 2013.

South China operates the largest refuse transfer station on Stonecutters Island and currently processes 2,200 tonnes of waste per day. A new grease trap waste treatment facility is capable of processing 450 tonnes of waste a day, producing a by-product that can be converted to bio fuel for industrial use.

Corporate Finance



The Group practises prudent financial management and is in a healthy position with low gearing and a high interest cover. Its net debt to shareholder's funds remained low at 15.2 per cent as at June 2010.

The Group arranged a five-year HK\$18,120 million syndicated facility in March 2010 under very favourable terms. It was heavily subscribed to and was the largest loan financing arranged by the Group. It was used to repay short-term debts and provide working capital. The Group has ample committed banking facilities on a standby basis, giving it a strong position for future business expansion.

The Group issued a total of HK\$1,911 million three-to ten-year bonds under its Euro Medium Term Note Programme during the year to extend its debt-maturity profile and diversify sources of funding.

The majority of the Group's debts are denominated in Hong Kong dollars, with the balance in US dollars or renminbi, primarily used to fund projects on the mainland. The Group's foreign exchange risk is very small, as most of its assets and operational cash flows are in Hong Kong dollars. The Group has no exposure to any transaction of derivatives or structured products for speculation.

The Group has the strongest credit ratings of any Hong Kong developer. Moody's continued the Group A1 rating with a stable outlook and Standard and Poor's upgraded the Group's A rating from a 'stable' outlook to a 'positive' outlook in December 2009, reflecting its robust financial strength and leadership in the industry.

Credit Ratings	Foreign Currency	Local Currency	Outlook
Moody's	A1	A1	Stable
Standard & Poor's	A	A	Positive

Customer Service

The Group makes customer service a top priority and is constantly exploring new ways to improve. It is also transplanting its culture of service excellence to its operations on the mainland.





Indoor pool at The Cullinan, Kowloon Station, Hong Kong

Customer Service



A professional handover team offers owners comprehensive, caring service

The Group is service oriented and committed to building long-term relationships with customers by offering the finest new products and service. It listens to what consumers say and strives to enhance two-way communication in various ways.

The Group is highly trusted by property owners. It has a professional team to ensure design and construction excellence and follow up after owners take possession to ensure customer satisfaction. Its Project Management and Sales departments give special training to frontline staff so that they understand the design, construction materials and special features to answer owners' questions at the handover of a property. This comprehensive service gives buyers confidence in the quality of their homes.



Concierges in commercial developments are highly praised by tenants



Property management subsidiaries Hong Yip and Kai Shing provide premium after-sale service in the residential and commercial properties they oversee, such as online Home Convenience Service to offer a new dimension of ease. The companies received many awards for their property management during the year, including an Excellent Service Brand award from a leading local newspaper. The Group's Signature Homes luxury residential leasing arm offers its mostly expatriate tenants personalized service from the time they move in, including social activities and special events.

The Group provides the finest service in office developments including well-trained concierges, and its customer care ambassadors in shopping malls deliver a host of value-added services to shoppers. It also maintains close relationships with shopping mall tenants by presenting seminars on how to improve business.

The Group maintains the highest service standards by providing regular training for staff, including sending people overseas to learn different approaches to property development, planning, marketing and management. A recent delegation went to Singapore to study shopping mall management. Mainland staff are regularly seconded to Hong Kong for experience and cultural exchanges.

The SHKP Club was set up to enhance two-way communication with the market and now has over 300,000 members. It offers special service to its members including visits to the Group's new developments. The Club ran a Loving Home programme during the year to promote family harmony through popular activities and seminars, and it collects feedback from members on how to lift service quality.



The Group listens to customers' opinions to keep abreast of market trends



The SHKP Club arranges visits to Group developments for its members



Customer care ambassadors in shopping malls provide helpful service to shoppers



Signature Homes stages regular activities to help tenants settle in the city