



# SWIRE PROPERTIES LIMITED

太古地產有限公司

*(incorporated in Hong Kong with limited liability)*

Listing by Introduction on The Main Board of  
The Stock Exchange of Hong Kong Limited

Stock code: 1972

Joint Sponsors (in alphabetical order)



Financial Adviser to the Company and Swire Pacific

MOELIS & COMPANY

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## IMPORTANT

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If you are in any doubt about any of the contents of this listing document, you should seek independent professional advice.



**SWIRE PROPERTIES**

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**太古地產有限公司**

*(incorporated in Hong Kong with limited liability)*

**LISTING BY WAY OF INTRODUCTION  
OF THE ENTIRE ISSUED SHARE CAPITAL OF THE COMPANY  
ON THE MAIN BOARD OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED**

**Stock code : 1972**

**Joint Sponsors**

*(in alphabetical order)*



**BOC INTERNATIONAL**

**Goldman  
Sachs**

**HSBC**



**Morgan Stanley**

**Financial Adviser to the Company and Swire Pacific**

**MOELIS & COMPANY**

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This listing document is published in connection with the Listing on the Main Board of the Stock Exchange and contains particulars given in compliance with the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules solely for the purpose of giving information with regard to the Company and its subsidiaries.

**This listing document does not constitute an offer of, nor is it calculated to invite offers for, shares or other securities of the Company, nor have any such shares or other securities been allotted with a view to any of them being offered for sale to or subscription by the public. No Shares will be allotted or issued in connection with, or pursuant to, this listing document.**

Your attention is drawn to the section headed “Risk Factors” in this listing document.

Information regarding the proposed arrangements for the listing of, and dealings and settlement of dealings in, the Shares following completion of the Spin-off is set out in the section headed “Information about this Listing Document and the Spin-off” in this listing document.

**21st December 2011**

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## EXPECTED TIMETABLE<sup>(1)(2)</sup>

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Last day of dealings in Swire Pacific Shares on  
a cum entitlement basis ..... Tuesday, 3rd January 2012

First day of dealings in Swire Pacific Shares on  
an ex entitlement basis ..... Wednesday, 4th January 2012

Latest time for lodging transfers of the  
Swire Pacific Shares cum entitlement to the  
Shares pursuant to the Swire Pacific Distribution at .....4:30 p.m. on Thursday, 5th January 2012

Registers of members of Swire Pacific close on .....Friday, 6th January 2012

Record Date ..... Friday, 6th January 2012

Registers of members of Swire Pacific open on .....Monday, 9th January 2012

Share certificates for the Shares to be  
despatched on<sup>(2)</sup> .....Tuesday, 17th January 2012

Dealings in the Shares on the Stock Exchange  
expected to commence on<sup>(2)</sup> ..... Wednesday, 18th January 2012

Payment to Overseas Swire Pacific Shareholders of the net  
proceeds of the sale of the Shares which they would otherwise  
receive pursuant to the Swire Pacific Distribution on or around<sup>(3)</sup> ..... Friday, 10th February 2012

Notes:

- (1) All dates and times refer to Hong Kong dates and times, unless otherwise stated.
- (2) The Share certificates are expected to be despatched to Qualifying Swire Pacific Shareholders (except for any Overseas Swire Pacific Shareholders) on 17th January 2012. The Share certificates will only become valid if the Swire Pacific Distribution becomes unconditional. In the event the Swire Pacific Distribution does not become unconditional, dealings in the Shares on the Stock Exchange will not commence on 18th January 2012. In such event, we will make an announcement of the above and, if necessary, of a revised timetable. Investors who trade in the Shares prior to the receipt of the Share certificates do so entirely at their own risk.
- (3) Overseas Swire Pacific Shareholders will be entitled to the Swire Pacific Distribution but will not receive the Shares. Instead, the Shares which they would otherwise receive pursuant to the Swire Pacific Distribution will be sold by Swire Pacific on their behalf as soon as reasonably practicable after commencement of dealings in the Shares on the Stock Exchange and they will receive a cash amount equal to the net proceeds of such sale. The Excluded Territories other than the U.S., if any, will be determined on the basis of the addresses of the Qualifying Swire Pacific Shareholders on the registers of members of Swire Pacific on the Record Date. In addition to the U.S., by reference to the registers of members of Swire Pacific as at the Latest Practicable Date, the Excluded Territories would have also included Australia, Canada and Malaysia. If the Excluded Territories other than the U.S. turn out to be different, Swire Pacific will announce, after the Record Date, the Excluded Territories (in addition to the U.S.). Such announcement is expected to be made on or before 10th January 2012. Further information is set out in the section headed “The Swire Pacific Distribution and the Spin-off” in this listing document.

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### IMPORTANT NOTICE TO INVESTORS

*We have not authorised anyone to provide you with information that is different from what is contained in this listing document. Any information or representation not made in this listing document must not be relied on by you as having been authorised by us, the Joint Sponsors, any of our or their respective directors, officers or representatives or any other person involved in the Spin-off.*

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## SUMMARY

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*This summary is intended to give you an overview of the information contained in this listing document. Since it is a summary, it does not contain all the information that may be important to you. You should read the listing document in its entirety.*

### OVERVIEW

We are a leading developer, owner and operator of mixed use, principally commercial, properties in Hong Kong and the PRC with a well-established record of creating long term value by transforming urban areas. Our business comprises three main areas: (i) property investment, that is the development, leasing and management of commercial, retail and some residential properties as a long term investment; (ii) property trading, that is the development and construction of properties, principally residential apartments, for sale; and (iii) investment in and operation of hotels.

For a breakdown of our gross rental income by business segment, see the section headed “Financial Information — Certain income statement items — Turnover” in this listing document. For a breakdown by project of the GFA and valuation of our properties, see the sections headed “Business — Completed Investment Property Portfolio”, “Business — Investment Properties under Development or Held for Future Development” and “Business — Property Trading” in this listing document.

### COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths which allow us to compete effectively in the real estate markets in which we operate:

- we have the ability to conceive, design, develop and manage mixed use commercial centres that successfully transform an urban area;
- we have the ability to secure new projects and source land in prime locations;
- we have a strong brand and a reputation as a landlord of choice;
- we are committed to high standards of corporate governance and have experienced and capable management and operational teams; and
- we have a highly disciplined approach to investment and capital management.

### KEY BUSINESS STRATEGIES

We intend to enhance our position as a leading developer, owner and operator of mixed use commercial properties in the PRC and Hong Kong by continuing to implement the following business strategies:

- we will seek to continue to create value through transformational projects;
- we will seek to maximise the earnings and value of our completed properties through active asset management and by reinforcing our assets through enhancement, redevelopment and new additions;

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## SUMMARY

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- we will continue to expand our luxury residential property activities;
- we will remain focused principally on Hong Kong and the PRC; and
- we will manage our capital base conservatively.

### OUR PROPERTY PORTFOLIO

The tables below set forth the GFA and other information of our principal properties as at 30th September 2011. Information in the tables below in respect of each property (other than its valuation) is disclosed in respect of 100% of that property and not on an attributable basis, regardless of whether the property is held through a member of the Group or a jointly controlled or an associated company. Valuations in the tables below in respect of each property are disclosed on an attributable basis (or by reference to our economic interest).

## SUMMARY

### PRINCIPAL COMPLETED INVESTMENT PROPERTIES

#### Hong Kong

Name of project	GFA (in sq.ft.)	LFA (in sq.ft.)	Number of hotel rooms/ apartments	Number of carparking spaces	Attributable to the Group (%)	Tenure (year of leasehold expiry)	Year completed	Attributable independent valuation as at 30th September 2011 (HK\$ million)	Average occupancy rate in the first half of 2011 (%)	Average effective rent (per square foot) for retail and office and RevPAR for hotels in the first half of 2011 (HK\$)
<b>Mixed use projects</b>										
<b>Pacific Place</b>										
Office <sup>(1)</sup> .....	2,186,433	1,867,834	N/A	111 <sup>(2)</sup>	100.0	2047-2852 <sup>(3)</sup>	1988-2007 <sup>(4)</sup>	50,684	100.0	68.8
Retail <sup>(5)</sup> .....	711,182	470,499	N/A	470	100.0	2047/2135 <sup>(6)</sup>	1988-1990	25,661	100.0	154.6
Apartments .....	443,075	442,800	270 <sup>(7)</sup>	—	100.0	2047	1990	8,400	85.3	61.4
Hotel - The Upper House .....	158,738	N/A	117	—	100.0	2135	2009	2,350	75.8	2,874
Other hotels <sup>(8)</sup> .....	1,687,222	N/A	1,680	—	20.0	2047/2135 <sup>(9)</sup>	1988-1991 <sup>(10)</sup>	2,744	N/A	N/A
<b>TaiKoo Place</b>										
One Island East .....	1,537,011	1,244,498	N/A	—	100.0	2881/2899 <sup>(11)</sup>	2008	14,220	100.0	31.8
Techno-centres <sup>(12)</sup> .....	1,816,667	N/A	N/A	285	100.0	2881	1979-1988 <sup>(13)</sup>	7,900	96.4	16.7
TaiKoo Place Office Towers <sup>(14)</sup> .....	3,136,541	2,750,752	N/A	1,089 <sup>(15)</sup>	50.0-100.0 <sup>(16)</sup>	2881/2899 <sup>(29)</sup>	1993-2003 <sup>(17)</sup>	22,803	99.0	27.5
<b>Cityplaza</b>										
Cityplaza One, Three and Four .....	1,632,930	1,389,570	N/A	10 <sup>(18)</sup>	100.0	2899	1991-1997 <sup>(19)</sup>	12,661	98.2	25.9
Cityplaza (retail) .....	1,105,227	679,540	N/A	834	100.0	2899	1983-2000 <sup>(20)</sup>	9,267	100.0	49.7
Commercial areas in TaiKoo Shing										
(Stages I-X) .....	331,079	326,891	N/A	3,826	100.0	2081/2899 <sup>(21)</sup>	1977-1985	2,931	100.0	48.0
Hotel - EAST, Hong Kong .....	199,633	N/A	345	—	100.0	2899	2009	1,260	86.9	1,135
<b>Citygate</b>										
Tung Chung Crescent (retail area) .....	36,053	35,616	N/A	—	20.0	2047	1998-1999	78	87.3	71.1
One Citygate (office) .....	160,522	152,280	N/A	—	20.0	2047	1999	68	59.1	15.5
Citygate Outlets (retail) .....	462,439	331,143	N/A	1,156 <sup>(22)</sup>	20.0	2047	1999-2000	885	100.0	43.5
Hotel - Novotel Citygate Hong Kong .....	236,653	N/A	440	7	20.0	2047	2005	186	N/A	N/A



## SUMMARY

Name of project	GFA (in sq.ft.)	LFA (in sq.ft.)	Number of hotel rooms/ apartments	Number of carparking spaces	Attributable to the Group (%)	Tenure (year of leasehold expiry)	Year completed	Attributable independent valuation as at 30th September 2011 (HK\$ million)	Average occupancy rate in the first half of 2011 (%)	Average rent (per square foot) for retail and office and RevPAR for hotels in the first half of 2011 (HK\$)
<b>Other retail or office</b>										
Island Place (shopping centre podium including parking spaces) .....	150,223	78,568	N/A	288	60.0	2047	1996	495	100.0	32.6
StarCrest (retail area and car parks) .....	13,112	10,760	N/A	83	100.0	2047	1999	191	100.0	39.4
21, 23, 25, 27 and 29 Wing Fung Street, Wanchai .....	14,039	N/A	N/A	—	100.0	2856	1992/2006	269	100.0	46.4
625 King's Road (office building) .....	301,065	273,995	N/A	84	50.0	2108	1998	833	98.4	17.3
8 Queen's Road East, formerly called Sincere Insurance Building <sup>(23)</sup> .....	81,346	N/A <sup>(23)</sup>	N/A	—	100.0	2113/ 2089/2103/	1968	810	N/A	N/A
<b>Residential</b>										
Rocky Bank, 6 Deep Water Bay Road .....	14,768	N/A	N/A	—	100.0	2099	1981	742	100.0	N/A
House B, 36 Island Road, Deep Water Bay ...	2,644	N/A	N/A	—	100.0	2097	1980	163	100.0	N/A
Eredine, 38 Mount Kellett Road, The Peak <sup>(24)</sup> .....	23,224	N/A	N/A	7	100.0	2038	1965	555	90.3	N/A

## SUMMARY

### PRC

Name of project	GFA	LFA	Number of hotel rooms/ apartments	Number of carparking spaces	Attributable to the Group (%)	Tenure (year of leasehold expiry)	Year completed	Attributable independent valuation as at 30th September 2011 (RMB in millions)	Average occupancy rate in the first half of 2011 <sup>(25)</sup> (%)	Average effective rent (per square foot) for retail and office and RevPAR for hotels in the first half of 2011 (RMB)
<b>Mixed use projects</b>										
<b>Sanlitun Village, Beijing</b>										
Retail - Village South .....	776,909 sq.ft. (or 72,177 sq.m.)	564,561 sq.ft. (or 52,449 sq.m.)	N/A	451	80.0	2044	2007	3,576	91.4	36.3
Retail - Village North .....	519,399 sq.ft. (or 48,253 sq.m.)	367,418 sq.ft. (or 34,134 sq.m.)	N/A	410	80.0	2044	2007	2,173	83.3	13.1
Hotel - The Opposite House .....	169,463 sq.ft. (or 15,744 sq.m.)	N/A	99	32	100.0	2044	2007	580	70.3	1,197
<b>TaiKoo Hui, Guangzhou</b>										
Retail .....	1,484,743 sq.ft. (or 137,936 sq.m.)	622,213 sq.ft. (or 57,805 sq.m.)	N/A	718	97.0	2051	2011	5,614	N/A	N/A
Office .....	1,723,424 sq.ft. (or 160,110 sq.m.)	N/A <sup>(26)</sup>	N/A	—	97.0	2051	2011	3,051	N/A	N/A
Hotel <sup>(27)</sup> .....	588,231 sq.ft. (or 54,648 sq.m.)	N/A	263	—	97.0	2051	2012	645	N/A	N/A
Serviced Apartments <sup>(27)</sup> .....	52,797 sq.ft. (or 4,905 sq.m.)	N/A	24	—	97.0	2051	2012	36	N/A	N/A
<b>Other retail</b>										
Beaumonde Retail Podium, Guangzhou	90,847 sq.ft. (or 8,440 sq.m.)	56,888 sq.ft. (or 5,285 sq.m.)	N/A	100	100.0	2044	2007/2008	385	100.0	23.1

## SUMMARY

### United States

Name of project	GFA (in sq.ft.)	LFA (in sq.ft.)	Number of hotel rooms/ apartments	Number of carparking spaces	Attributable to the Group (%)	Tenure (year of leasehold expiry)	Year completed	Attributable independent valuation as at 30th September 2011 (USD in millions)	Average occupancy rate in first half of 2011 (%)	Average effective rent (per square foot) for retail and office and RevPAR for hotels in the first half of 2011 (US\$)
<b>Hotel</b>										
The Mandarin Oriental, Miami .....	345,000	N/A	326	600	75.0	Freehold	2000	96	78	259

### United Kingdom

Name of project	GFA (in sq.ft.)	LFA (in sq.ft.)	Number of hotel rooms/ apartments	Number of carparking spaces	Attributable to the Group (%)	Tenure (year of leasehold expiry)	Year completed	Attributable independent valuation as at 30th September 2011 (£ in millions)	Average occupancy rate in the first half of 2011 (%)	Average effective rent (per square foot) for retail and office and RevPAR for hotels in the first half of 2011 (£)
<b>Hotels</b>										
The Montpelier Chapter, Cheltenham (formerly called Hotel Kandinsky, Cheltenham) .....	36,662	N/A	61	24	100.0	freehold	2010	19	51	54
The Magdalen Chapter, Exeter (formerly called Hotel Barcelona, Exeter) (28) ....	23,030	N/A	59	10	100.0	freehold	2001	9	N/A (28)	N/A (28)
Hotel Seattle, Brighton .....	48,416	N/A	71	N/A	100.0	2037	2003	Nil	68	63
Avon Gorge Hotel, Bristol .....	87,608	N/A	75	20	100.0	freehold	1855	9	70	48

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## SUMMARY

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### Notes:

- (1) Comprises One Pacific Place, Two Pacific Place and Three Pacific Place.
- (2) For Three Pacific Place only.
- (3) Leasehold for One Pacific Place expires in 2135. Leasehold for Two Pacific Place expires in 2047. Leasehold for the different lots comprising Three Pacific Place expires between 2050-2852.
- (4) One Pacific Place was completed in 1988. Two Pacific Place was completed in 1990. Three Pacific Place was completed in 2004/2007.
- (5) Refers to The Mall at Pacific Place.
- (6) Leasehold for the two lots comprising The Mall at Pacific Place expires in 2047 or 2135.
- (7) These are serviced suites.
- (8) Comprises the JW Marriott Hotel Hong Kong, the Conrad Hong Kong and the Island Shangri-La Hong Kong.
- (9) The leases for the Conrad Hong Kong and the Island Shangri-La Hong Kong expire in 2047. The lease for the JW Marriott Hotel Hong Kong expires in 2135.
- (10) The JW Marriott Hotel Hong Kong was completed in 1988. The Conrad Hong Kong was completed in 1990. The Island Shangri-La Hong Kong was completed in 1991.
- (11) Leaseholds for the eight lots comprising One Island East expire in 2881 or 2899.
- (12) "Techno-centres" comprise Warwick House, Cornwall House (excluding the portion owned by The Financial Secretary Incorporated) and Somerset House. Somerset House is proposed to be redeveloped starting in 2013. In this listing document, unless the context otherwise requires, the Techno-centres are treated as office properties.
- (13) Warwick House was completed in 1979. Cornwall House was completed in 1984. Somerset House was completed in 1988.
- (14) TaiKoo Place Office Towers comprise Devon House, Dorset House, Lincoln House, Oxford House, Cambridge House and PCCW Tower.
- (15) There are 311 car parking spaces for Devon House, 215 car parking spaces for Dorset House, 164 car parking spaces for Lincoln House, 182 car parking spaces for Oxford House and 217 car parking spaces for PCCW Tower. There are no car parks for Cambridge House.
- (16) The Company owns a 50% interest in PCCW Tower with a total GFA of 620,148 sq.ft., 100% of which has been included in the table above with the exception of attributable independent property valuation. The Company wholly owns the other TaiKoo Place Office Towers.
- (17) Devon House was completed in 1993. Dorset House was completed in 1994. Lincoln House was completed in 1998. Oxford House was completed in 1999. Cambridge House was completed in 2003. PCCW Tower was completed in 1994.
- (18) There are 10 car parking spaces for Cityplaza Three. There are no car parking spaces for Cityplaza One and Cityplaza Four.
- (19) Cityplaza One was completed in 1997. Cityplaza Three was completed in 1992. Cityplaza Four was completed in 1991.
- (20) Different parts/phases of the retail portion of Cityplaza were completed and/or renovated in 1983, 1987, 1997 and 2000.
- (21) The leases for the lots comprising the Commercial areas in Stages I-X of Taikoo Shing will expire in 2081 or 2899.
- (22) Total number of car parking spaces for both One Citygate and Citygate Outlets.
- (23) Refurbishment in progress.
- (24) The Group owns flats 1B, 2C, 3A, 4A, 4C, 5B and 7B.
- (25) The average occupancy rate of any property which was opened in 2011 is in respect of the period from the date of its opening to 30th June 2011.
- (26) Leased on a GFA basis.
- (27) Not all government permits and approvals for the opening have been obtained.
- (28) Closed for renovation.
- (29) The leases for Devon House, Dorset House, Lincoln House, Cambridge House and PCCW Tower expire in 2881. The lease for Oxford House expires in 2899.

## SUMMARY

### PRINCIPAL INVESTMENT PROPERTIES UNDER DEVELOPMENT OR HELD FOR FUTURE DEVELOPMENT

#### Hong Kong

Name of project	Total Planned GFA (in sq.ft.)	Number of Hotel Rooms	Number of carparking spaces	Attributable to the Group (%)	Construction Commencement Date for Properties under Development	Expected Completion Date	Estimated Total Development Cost (HK\$ in millions)	Total Development Costs Incurred up to 30th September 2011 (HK\$ in millions)	Land Costs Incurred up to 30th September 2011 (HK\$ in millions)	Other Development Costs Incurred up to 30th September 2011 (HK\$ in millions)	Attributable Independent Valuation as at 30th September 2011 (HK\$ in millions)
<b>Office</b>											
28 Hennessy Road (formerly called Tai Sang Commercial Building) .....	145,390	N/A	—	100.0	2010	2012	2,028	1,564	1,411	153	1,712
<b>Residential</b>											
23 Tong Chong Street .....	75,082	N/A	—	100.0	2012	2014	1,159	702	699	3	732
<b>Others</b>											
Amalgamation Properties .....	N/A	N/A	N/A	100.0	N/A	N/A	N/A	N/A	N/A	N/A	5,403 <sup>(1)</sup>

#### PRC

Name of project	Total Planned GFA	Number of Hotel Rooms	Number of carparking spaces	Attributable to the Group (%)	Construction Commencement Date for Properties under Development	Expected Construction Completion Date	Details of opening by stage	Estimated Total Development Cost (RMB in millions) <sup>(2)</sup>	Total Development Costs Incurred up to 30th September 2011 (RMB in millions) <sup>(2)</sup>	Land Costs Incurred up to 30th September 2011 (RMB in millions) <sup>(2)</sup>	Other Development Costs Incurred up to 30th September 2011 (RMB in millions) <sup>(2)</sup>	Attributable Independent Valuation as at 30th September 2011 (RMB in millions) <sup>(2)</sup>
<b>INDIGO, Beijing<sup>(7)</sup></b>												
Retail .....	939,493 sq.ft. (or 87,281 sq.m.)	N/A	—	50.0	2009	2011	Q1 2012	4,012 <sup>(4)</sup>	2,455	771	1,684	1,829
Office .....	595,464 sq.ft. (or 55,320 sq.m.)	N/A	—	—	—	2011	Q4 2011	—	—	—	—	—
Hotel .....	358,269 sq.ft. (or 33,284 sq.m.)	369	—	—	—	2012	Q3 2012	—	—	—	—	—
Carpark .....	1,039,512 sq.ft. (or 96,573 sq.m.)	—	1,245	—	—	2011-2012	Q4 2011	—	—	—	—	—

# SUMMARY

Name of project	Total Planned GFA	Number of Hotel Rooms	Number of carparking spaces	Attributable to the Group (%)	Construction Commencement Date for Properties under Development	Expected Construction Completion Date	Details of opening by stage	Estimated Total Development Cost (RMB in millions) <sup>(2)</sup>	Total Development Costs Incurred up to 30th September 2011 (RMB in millions) <sup>(2)</sup>	Land Costs Incurred up to 30th September 2011 (RMB in millions) <sup>(2)</sup>	Other Development Costs Incurred up to 30th September 2011 (RMB in millions) <sup>(2)</sup>	Attributable Independent Valuation as at 30th September 2011 (RMB in millions) <sup>(8)</sup>
<b>Dazhongli, Shanghai</b>				50.0	2011-2012	2015-2016	2016	16,588 <sup>(3)</sup>	7,953	7,339	614	5,204 <sup>(8)</sup>
Retail .....	1,062,719 sq.ft. <sup>(6)</sup> (or 98,729 sq.m.)	N/A	—									
Office .....	1,809,934 sq.ft. <sup>(6)</sup> (or 168,147 sq.m.)	N/A	—									
Hotels .....	596,745 sq.ft. <sup>(6)</sup> (or 55,439 sq.m.)	557	—									
Carpark .....	1,171,349 sq.ft. <sup>(6)</sup> (or 108,821 sq.m.)	—	1,217									
<b>Daci Temple, Chengdu<sup>(9)</sup></b>				50.0	2011-2012	2014	2014	6,390	834	799	35	1,202 <sup>(8)</sup>
Retail .....	1,281,734 sq.ft. <sup>(6)</sup> (or 119,076 sq.m.)	N/A	—									
Hotel .....	146,767 sq.ft. <sup>(6)</sup> (or 13,635 sq.m.)	100	—									
Serviced Apartments .....	82,280 sq.ft. <sup>(6)</sup> (or 7,644 sq.m.)	40	—									
Office <sup>(5)</sup> .....	1,258,010 sq.ft. <sup>(6)</sup> (or 116,872 sq.m.)	N/A	—									
Carpark .....	1,257,935 sq.ft. <sup>(6)</sup> (or 116,865 sq.m.)	—	1,591									

## United States

Name of project	Total planned GFA (in sq.ft.)	Number of Hotel Rooms/ Apartments	Number of carparking spaces	Attributable to the Group (%)	Construction Commencement Date for Properties under Development	Expected Construction Completion Date	Estimated Total Development Costs (US\$ in millions) <sup>(2)</sup>	Total Development Costs Incurred up to 30th September 2011 (US\$ in millions) <sup>(2)</sup>	Land Costs Incurred up to 30th September 2011 (US\$ in millions) <sup>(2)</sup>	Other Development Costs Incurred up to 30th September 2011 (US\$ in millions) <sup>(2)</sup>	Attributable independent valuation as at 30th September 2011 (US\$ in millions) <sup>(2)</sup>
<b>Brickell CitiCentre, 601, 700 and 701 South Miami Avenue and 799 Brickell Plaza, Miami<sup>(10)</sup></b>				100	2012-2014	2015/2018	1,050.7	72.8	69.4	3.4	78.7
Retail .....	520,000	—	—								
Office .....	963,000 <sup>(12)</sup>	—	—								
Serviced apartments .....	108,000	93	—								
Hotel .....	200,000	243	—								
Residential .....	1,100,000	820	—								
Carpark/Circulation .....	2,538,000	—	4,341 <sup>(11)</sup>								

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## SUMMARY

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Notes:

- (1) Valued internally by qualified surveyors.
- (2) The valuation and the development costs refer to the valuation and the development costs of the entire project comprising retail, office, residential, hotel (or hotels) and serviced apartments, if applicable.
- (3) In addition, we invested RMB550 million as premium to acquire a 50% interest in the joint venture which owns the Dazhongli project. The estimated total development cost represents the Company's current cost assessments based on its current expectations as to the GFA mix, would be subject to change, for example, if the usage mix changes and in any event will be refined as more detailed plans for the development are adopted.
- (4) This includes improvement costs of approximately RMB500 million relating to neighbouring areas, which have been provided for in our financial statements
- (5) The office portion of the Daci Temple project is intended to be developed for trading purposes.
- (6) These figures represent the Company's current expected usage mix. The GFA of each portion is subject to final determination and agreement with the local government and could change
- (7) Not all of the permits and approvals required for occupation of the project have been obtained.
- (8) See note (2) to property valuation certificates (numbered 90 and 91) on these properties.
- (9) The valuation reflects our economic interest in the project taking into account our contractual arrangements with Sino-Ocean Land.
- (10) The property is currently classified for accounting purposes as a property held for future development as opposed to investment property and will remain so classified until relevant approvals are obtained. Relevant approvals are expected to be obtained before the end of January 2012. When the relevant approvals are obtained, the property other than the residential portion will be reclassified for accounting purposes as investment property. The residential portion is intended to be developed for trading purposes.
- (11) 3,100 carparking spaces for Phase I and 1,241 carparking spaces for Phase II.
- (12) Office space with a GFA of 221,000 sq.ft. is planned for Phase I. Additional office space with a GFA of 742,000 sq.ft. is planned for Phase II.

## SUMMARY

### PRINCIPAL TRADING PROPERTIES

#### Hong Kong

Name of project	Total GFA/ planned GFA (in sq.ft.)	Number of Units	Number of carparking spaces	Attributable to the Group (%)	Construction Commencement Date	Actual/ Expected Construction Completion Date	Actual/ Estimated Total Development Costs (HK\$ in millions)	Total Development Costs Incurred up to 30th September 2011 (HK\$ in millions)	Land Costs Incurred up to 30th September 2011 (HK\$ in millions)	Other Development Costs Incurred up to 30th September 2011 (HK\$ in millions)	Attributable independent valuation as at 30th September 2011 (HK\$ in millions)
<b>Trading properties under development</b>											
AZURA, 2A Seymour Road	206,306	126	45	87.5	2005	2012	1,815	1,085	625 <sup>(3)</sup>	460	3,895
ARGENTA, 63 Seymour Road	75,805	30	28	100.0	2008	2013	1,142	627	503 <sup>(3)</sup>	124	1,401
33 Seymour Road	165,792	127	—	100.0	2009	2014	2,396	1,378	1,251 <sup>(3)</sup>	127	2,503
92-102 Caine Road	195,531	197	43	100.0	2010	2016	2,826	1,474	1,433 <sup>(3)</sup>	41	2,503
1-9 and 2-10 Sai Wan Terrace	151,944	92	69	80.0	2009	2013	1,998	788	669 <sup>(3)</sup>	119	1,355
148 Argyle Street	88,555	53	56	50.0	2010	2013	1,219	723	683	40	494
<b>Trading property held for future development</b>											
8-10 Wong Chuk Hang Road	382,500	—	39	50.0	N/A	On hold	N/A	418	394	24	273

#### United States

Name of project	Total GFA/ planned GFA (in sq.ft.)	Number of Units	Number of carparking spaces	Attributable to the Group (%)	Construction Commencement Date	Actual Construction Completion Date	Total Development Costs (US\$ in millions)	Total Development Costs Incurred up to 30th September 2011 (US\$ in millions)	Land Costs Incurred up to 30th September 2011 (US\$ in millions)	Other Development Costs Incurred up to 30th September 2011 (US\$ in millions)	Attributable independent valuation as at 30th September 2011 (US\$ in millions)
<b>Completed trading property<sup>(1)</sup></b>											
ASIA, Miami	75,626	33 <sup>(2)</sup>	—	100.0	2006	2008	N/A	38.8	1.0	37.8	39.6

#### Notes:

- (1) Information about any completed trading property relates to the unsold units in that property.
- (2) Represents outstanding unsold units. As at 30th September 2011, a total of 90 units had been sold with 89 units delivered.
- (3) Represents the fair market value of the land before the property was reclassified as a trading property.



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## SUMMARY

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### THE SWIRE PACIFIC DISTRIBUTION

On 21st December 2011, a board committee of Swire Pacific declared a conditional special interim dividend to the Qualifying Swire Pacific Shareholders, being registered holders of Swire Pacific Shares whose names appear on one or both of the registers of members of Swire Pacific on the Record Date. The Swire Pacific Distribution will be satisfied wholly by way of a distribution in specie to the Qualifying Swire Pacific Shareholders of an aggregate of 1,053,235,750 Shares, representing approximately 18% of the issued share capital of the Company, in proportion to their respective shareholdings in Swire Pacific on the Record Date. Pursuant to the Swire Pacific Distribution, the Qualifying Swire Pacific Shareholders will be entitled to seven Shares for every ten Swire Pacific 'A' Shares held and seven Shares for every 50 Swire Pacific 'B' Shares held on the Record Date. Fractional entitlements will be disregarded.

The Swire Pacific Distribution is conditional on the Listing Committee granting listing of, and permission to deal in, the Shares in issue on the Main Board of the Stock Exchange on or prior to the Long Stop Date. If such condition is not satisfied, the Swire Pacific Distribution will not be made and the Spin-off will not take place.

Overseas Swire Pacific Shareholders (if any) will be entitled to the Swire Pacific Distribution but will not receive the Shares. Instead, the Shares which they would otherwise receive pursuant to the Swire Pacific Distribution will be sold by Swire Pacific on their behalf as soon as reasonably practicable after commencement of dealings in the Shares on the Stock Exchange and they will receive a cash amount equal to the net proceeds of such sale.

The Excluded Territories other than the U.S., if any, will be determined on the basis of the addresses of the Qualifying Swire Pacific Shareholders on the registers of members of Swire Pacific on the Record Date. In addition to the U.S., by reference to the registers of members of Swire Pacific as at the Latest Practicable Date, the Excluded Territories would have also included Australia, Canada and Malaysia. If the Excluded Territories other than the U.S. turn out to be different, Swire Pacific will announce, after the Record Date, the Excluded Territories (in addition to the U.S.). Such announcement is expected to be made on or before 10th January 2012.

With respect to the Excluded Territories, Swire Pacific will send a letter to CCASS Participants (other than CCASS Investor Participants) notifying them that in light of applicable laws and regulations of the Excluded Territories, to the extent they hold any Swire Pacific Shares on behalf of any Underlying Overseas Swire Pacific Shareholders, they should sell the Shares which they receive under the Swire Pacific Distribution on behalf of the Underlying Overseas Swire Pacific Shareholders and pay the net proceeds of such sale to such Underlying Overseas Swire Pacific Shareholders. None of the Company, Swire Pacific, the Joint Sponsors, any of our or their respective directors, officers or representatives or any other person involved in the Spin-off takes any responsibility for the sale of such Shares or the payment of the net proceeds of the sale of such Shares to any Underlying Overseas Swire Pacific Shareholders.

Immediately after the Swire Pacific Distribution and the Listing, the Company will remain a subsidiary of both Swire Pacific and JSS and will be owned by Swire Pacific as to approximately 82% and by the JSS Group as to approximately 8% in addition to its interests through Swire Pacific.

Further details of the Swire Pacific Distribution are set out in the section headed "The Swire Pacific Distribution and the Spin-off" in this listing document.

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## SUMMARY

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### SUMMARY FINANCIAL INFORMATION

The following is a summary of the consolidated financial information of the Group as at the dates and for the periods indicated, extracted from the Accountant's Report set out in Appendix I to this listing document:

Summary of the Financial Position	As at 31st December			As at 30th June
	2008	2009	2010	2011
	(in millions of HK\$)			
<b>Non-current assets</b>				
Investment properties .....	134,069	154,098	178,985	198,520
Others .....	17,457	14,387	18,798	20,377
<b>Total non-current assets</b> .....	<u>151,526</u>	<u>168,485</u>	<u>197,783</u>	<u>218,897</u>
<b>Current assets</b> .....	4,516	5,910	7,929	8,527
<b>Total assets</b> .....	<u>156,042</u>	<u>174,395</u>	<u>205,712</u>	<u>227,424</u>
Current liabilities .....	39,636	37,609	14,900	13,555
Non-current liabilities .....	5,033	6,547	32,456	37,404
<b>Total liabilities</b> .....	<u>44,669</u>	<u>44,156</u>	<u>47,356</u>	<u>50,959</u>
<b>Net current liabilities</b> .....	(35,120)	(31,699)	(6,971)	(5,028)
<b>Total equity</b> .....	111,373	130,239	158,356	176,465

## SUMMARY

<b>Consolidated Income Statements</b>	<b>Year ended 31st December</b>			<b>Six months ended 30th June</b>	
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2011</b>
	(in millions of HK\$)				
	(unaudited)				
Turnover .....	7,946	8,331	8,871	4,209	4,665
Cost of sales .....	(2,125)	(2,228)	(2,261)	(955)	(1,088)
Gross profit .....	5,821	6,103	6,610	3,254	3,577
Administrative expenses .....	(685)	(768)	(911)	(477)	(407)
Other operating expenses .....	(101)	(108)	(135)	(72)	(65)
Other net gains .....	56	164	924	548	26
Change in fair value of investment properties .....	358	14,407	20,480	4,855	17,553
Impairment (losses)/reversal on hotel and trading properties .....	(78)	(296)	1	—	2
Operating profit .....	5,371	19,502	26,969	8,108	20,686
Finance charges .....	(1,180)	(1,251)	(1,264)	(687)	(761)
Finance income .....	63	141	27	7	10
Net finance charges .....	(1,117)	(1,110)	(1,237)	(680)	(751)
Share of profits less losses of jointly controlled companies .....	76	12	1,461	994	706
Share of profits less losses of associated companies .....	131	174	225	80	71
Profit before taxation .....	4,461	18,578	27,418	8,502	20,712
Taxation .....	(961)	(1,225)	(1,324)	(687)	(643)
Profit for the year .....	<u>3,500</u>	<u>17,353</u>	<u>26,094</u>	<u>7,815</u>	<u>20,069</u>
Profit for the year attributable to:					
The Company's shareholder .....	3,268	17,257	26,045	7,792	20,023
Non-controlling interests .....	232	96	49	23	46
	<u>3,500</u>	<u>17,353</u>	<u>26,094</u>	<u>7,815</u>	<u>20,069</u>
Dividends					
Interim - paid .....	1,214	25	1	1	—
Final - proposed .....	1,752	—	2,425	—	—
	<u>2,966</u>	<u>25</u>	<u>2,426</u>	<u>1</u>	<u>—</u>
Earnings per share for profit attributable to the Company's shareholder (basic and diluted) .....	<u>HK\$0.60</u>	<u>HK\$3.14</u>	<u>HK\$4.58</u>	<u>HK\$1.37</u>	<u>HK\$3.52</u>

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## SUMMARY

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### SALE OF 100% INTEREST IN FESTIVAL WALK

In July 2011, an agreement was entered into with an Independent Third Party for the disposal of the Group's entire interest in Festival Walk for a cash consideration of HK\$18,800 million, subject to an adjustment by reference to net current assets and liabilities at completion. The adjustment resulted in an additional receipt of approximately HK\$116 million. Completion took place on 18th August 2011. The profit on the sale, which excludes gains on revaluation of the property previously credited to the income statement up to 30th June 2011 (of which HK\$1,098 million arose in the six months ended on that date), is HK\$595 million. The underlying profit on the disposal is HK\$8,615 million. Underlying profit principally reflects adjustments for the impact of HKAS 40 on investment properties and amended HKAS 12 on deferred taxation. Prior to the implementation of HKAS 40, changes in fair value of investment properties were recorded in the revaluation reserve rather than the consolidated income statement. On sale, the revaluation gains were transferred from the revaluation reserve to the consolidated income statement. The effect is that the underlying profit on the disposal of Festival Walk will be calculated by reference to its original cost to the Group.

A portion of the proceeds of the sale was paid to Swire Pacific by way of a special interim dividend of HK\$4,514 million on 30th September 2011. A further portion of the proceeds of the sale was paid to Swire Pacific by way of a second special interim dividend of HK\$5,500 million on 8th November 2011. The Group has repaid HK\$8,282 million of the Inter-group Funding out of the proceeds of the sale of that investment property. HK\$500 million of the amount repaid related to an underlying revolving facility and is therefore available for reborrowing. The remaining portion of such repayment of the Inter-group Funding related to an underlying revolving facility (which has been cancelled after the repayment), underlying term loans and notes issued under the Swire Pacific group's US\$3.5 billion medium term note programme and is not available for reborrowing.

For details of our sale of Festival Walk, please refer to the section headed "Financial Information — Recent Developments — Sale of 100% Interest in Festival Walk".

### DIVIDEND POLICY

The Board has absolute discretion as to whether to declare any dividend for any year and, if it decides to declare a dividend, how much dividend to declare. The Company currently intends to pay dividends which will average approximately 50% of our underlying profit attributable to the Shareholders over an economic cycle. Going forward, we will re-evaluate our dividend policy in light of our financial position and the prevailing economic climate. However, the determination to pay dividends will be made at the discretion of the Board and will be based upon our earnings, cash flow, financial condition, capital requirements, distributable reserves and any other conditions that the Directors deem relevant. The payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter into in the future.

For the three years ended 31st December 2008, 2009 and 2010 and the six months ended 30th June 2011, our underlying profit attributable to the Shareholder (which principally reflects adjustments made by the Company to the reported profit to exclude the effect of fair value gains or losses on investment properties and the associated deferred tax) amounted to approximately HK\$3,558 million, HK\$3,726 million, HK\$4,782 million and HK\$2,354 million, respectively.

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## SUMMARY

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### RISK FACTORS

There are certain risks and considerations relating to an investment in the Shares, details of which are set out in the section headed “Risk Factors” in this listing document. Set out below is a summary of these risks and considerations:

#### Risks Relating to Our Business

- We are principally dependent on the performance of real estate markets in Hong Kong and the PRC.
- We are dependent on rental income from our investment property portfolio.
- Any economic slowdown may adversely affect our business and our ability to obtain necessary financing for our operations.
- We may not be able to continue to attract and retain quality tenants.
- We may not have adequate capital resources to fund our land acquisitions and future property developments.
- Our profit level and margin are affected by our turnover mix and we may not be able to sustain our existing level of profit.
- We may not be able to complete or deliver our property development projects on time, on budget or at all.
- We may not always be able to obtain suitable land reserves at reasonable cost.
- We cannot assure you that third party contractors will always meet our quality standards and provide services in a timely manner.
- Increases in the cost of labour or construction materials may have an adverse impact on our results of operations.
- Fines may be imposed on us or our land may be confiscated if we fail to pay land premiums or develop property according to the terms of land grant contracts.
- We may be adversely affected by material issues that affect our relationships or business ventures with our joint venture partners.
- We may directly bear demolition and resettlement costs associated with our property developments and such costs may increase and the relocation process may not be completed as planned.

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## SUMMARY

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- The appraised value of our properties may be different from the actual realisable value and is subject to change.
- Our results of operations for each of the periods in the Track Record Period include revaluation adjustments which are unrealised and therefore the future fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may have a material negative impact on our profitability.
- Our profit and results of operations are subject to changes in interest rates.
- We may suffer losses arising from uninsured risks.
- A deterioration in the value of our brand or the loss of the right to use the Swire trademarks could have a negative impact on our business.
- Our hotel business may not be able to replicate our success in property development and management.
- Our success depends on the continued services of our senior management team.
- The Controlling Shareholders have substantial control over the Company and their interests may not be aligned with the interests of the other Shareholders.
- We may be involved in disputes and legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result.
- We may face significant risks before realising any benefits from property development.
- We may not be able to generate adequate returns on our properties held for long-term investment purposes.
- We are subject to legal and business risks if we fail to obtain formal qualification certificates.
- Our business, results of operations, financial condition and prospects may be adversely affected if we fail to obtain, or if there are material delays in obtaining, requisite governmental approvals for our property developments.
- We are subject to certain conventional restrictive covenants and certain risks normally associated with debt financing which may limit or otherwise adversely affect our operations.
- Fluctuation in exchange rates may have a material adverse effect on our business.

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## SUMMARY

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- Our indebtedness could have an adverse effect on our financial condition, diminish our ability to raise additional capital to fund our operations and limit our ability to explore business opportunities. We had net current liabilities during the Track Record Period.
- Our future dividend payments and policy will be subject to the discretion of the Board.

### **Risks Relating to the Real Estate and Hotel Industries**

- We face competition in Hong Kong and the PRC that could adversely affect our business and financial position.
- The PRC property industry is susceptible to the macroeconomic policies and austerity measures of the PRC government.
- The PRC government has implemented restrictions on the ability of PRC property developers to obtain offshore financing which could affect our ability to deploy funds raised for our business in the PRC.
- The hotel industry is cyclical and macroeconomic and other factors beyond our control can have a material adverse effect on demand for our hospitality product and services.
- Failure to comply with our environmental responsibilities may adversely affect our operations and profitability.

### **Risks Relating to the PRC and Hong Kong**

- Changes in PRC and Hong Kong political and economic policies and conditions could adversely affect our business and prospects.
- We may in the future rely principally on dividends paid by our subsidiaries, jointly controlled companies and associated companies to fund our cash and financing requirements. Any limitation on the ability of our subsidiaries, jointly controlled companies and associated companies to pay dividends to us could have a material adverse effect on our ability to conduct our business.
- We may be deemed a PRC resident enterprise under the EIT Law and may be subject to PRC taxation on our worldwide income. Dividends payable by us to our foreign investors and gains on any transfer of Shares may become subject to withholding taxes under current PRC tax laws.
- Our operations are subject to the uncertainties of the PRC legal system and its laws and regulations, which could have a negative impact on our business.
- Restrictions on currency exchange may limit our ability to utilise our revenue effectively.
- Our prospects may be adversely affected by a recurrence of SARS or an outbreak of other epidemics, such as influenza A (H1N1) and avian flu (H5N1), and natural disasters.

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## SUMMARY

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### **Risks Relating to the Spin-off**

- There is no existing public market for the Shares and their liquidity and market price may fluctuate.
- Shareholders' interests in the Company's share capital may be diluted in the future.
- Forward-looking information may prove inaccurate.
- We cannot guarantee the accuracy of certain facts and statistics contained in this listing document.
- We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Spin-off.



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## DEFINITIONS

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*In this listing document, unless the context otherwise requires, the following expressions shall have the following meanings. Certain other terms are explained in the section headed “Glossary of Technical Terms” in this listing document.*

“Amalgamation Properties”	individual units in several sites in Hong Kong which are being assembled for amalgamation by the Group
“Articles” or “Articles of Association”	the articles of association of the Company (as amended from time to time), adopted by a special resolution of the sole Shareholder on 1st April 2010, a summary of which is set out in Appendix VII “Summary of the Constitution of the Company” to this listing document
“Board” or “Board of Directors”	the board of directors of the Company
“BOCI”	BOCI Asia Limited
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“CBRC”	China Banking Regulatory Commission
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company”	Swire Properties Limited (太古地產有限公司), a company incorporated in Hong Kong on 3rd November 1972
“Controlling Shareholders”	Swire Pacific and JSS
“CPI”	consumer price index

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## DEFINITIONS

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“Director”	a member of the Board of Directors
“DTZ”	DTZ Debenham Tie Leung Limited
“EIT Law”	Enterprise Income Tax Law of the PRC
“Excluded Territory”	has the meaning given to it in the definition of “Overseas Swire Pacific Shareholder” in this section
“Expropriation Rules”	Rules for the Expropriation and Reimbursement for Buildings on State-Owned Land 《國有土地上房屋徵收與補償條例》 issued by the State Council of the PRC
“GBP”, “£” or “pounds sterling”	pounds sterling, the lawful currency of the U.K.
“GDP”	gross domestic product
“Goldman Sachs”	Goldman Sachs (Asia) L.L.C.
“Group”, “we”, “our” and “us”	the Company and its subsidiaries and, if the context requires, its jointly controlled companies and associated companies
“HK\$”, “HKD” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HK BEAM”	Hong Kong Building Environmental Assessment Method
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKR International”	HKR International Limited, a company listed on the Stock Exchange (stock code: 480)
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“Independent Third Party”	a party that is not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates

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## DEFINITIONS

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“Inter-group Funding”	has the meaning given to it in the section headed “Relationship with the Controlling Shareholders — Relationship with the Controlling Shareholders — Inter-group Funding” in this listing document
“Inter-group Loan Agreements”	the loan agreements dated 31st March 2010 between Swire Properties Finance as borrower, the Company as guarantor and Swire Finance as lender as amended on 31st October 2011
“Joint Sponsors”	BOCI, Goldman Sachs, HSBC and Morgan Stanley
“JSS”	John Swire & Sons Limited, the controlling shareholder of Swire Pacific
“JSS Group”	JSS and its subsidiaries, excluding the Group and the Retained Group
“JSSHK”	John Swire & Sons (H.K.) Limited, a wholly-owned subsidiary of JSS
“JSSHK Group”	JSSHK and its subsidiaries, excluding the Group and the Retained Group
“JSSHK Tenancy Framework Agreement”	the tenancy framework agreement dated 18th October 2011 between the Company and JSSHK in respect of tenancy agreements between members of the Group and members of the JSSHK Group
“LAT”	land appreciation tax (土地增值税) as defined in the PRC Provisional Regulations on Land Appreciation Tax of 1994 and its implementation rules, as described in Appendix VI “Taxation” to this listing document
“Latest Practicable Date”	14th December 2011, being the latest practicable date for the purpose of ascertaining certain information contained in this listing document prior to its publication
“LEED”	U.S. Leadership in Energy and Environmental Design
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange by way of introduction
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about 18th January 2012, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Long Stop Date”	10th February 2012 or such later date as the board of directors of Swire Pacific may decide as the long stop date for the satisfaction of the condition of the Swire Pacific Distribution
“MOC”	the Ministry of Commerce of the PRC
“Morgan Stanley”	Morgan Stanley Asia Limited
“NDRC”	the National Development and Reform Commission of the PRC
“Overseas Swire Pacific Shareholder”	a Swire Pacific Shareholder whose address on one or both of the registers of members of Swire Pacific is in a jurisdiction outside Hong Kong on the Record Date whose exclusion from the entitlement to receive Shares under the Swire Pacific Distribution the directors of Swire Pacific, having made relevant enquiries, consider to be necessary or expedient on account either of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction, such jurisdiction being an “Excluded Territory”. In addition to the U.S., by reference to the registers of members of Swire Pacific as at the Latest Practicable Date, the Excluded Territories would have also included Australia, Canada and Malaysia
“PBOC”	The People’s Bank of China
“PRC” or “Mainland China”	the People’s Republic of China excluding, for the purpose of this listing document, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, unless otherwise specified
“Qualifying Swire Pacific Shareholder”	a Swire Pacific Shareholder whose name appears on one or both of the registers of members of Swire Pacific on the Record Date
“Record Date”	6th January 2012, being the record date for ascertaining entitlements to the Swire Pacific Distribution
“Retained Group”	Swire Pacific and its subsidiaries (excluding the Group)
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC

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## DEFINITIONS

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“SAIC”	the State Administration for Industry and Commerce of the PRC
“SAT”	the State Administration of Taxation of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Services Agreement”	the services agreement between JSSHK and the Company dated 1st December 2004, as renewed on 1st October 2007, amended and restated with effect from 1st January 2010 and renewed on 1st October 2010
“Shares”	ordinary shares in the capital of the Company with a nominal value of HK\$1.00 each
“Shareholder”	a holder of any Share(s)
“Sino-Ocean Land”	Sino-Ocean Land Holdings Limited, a company listed on the Stock Exchange (stock code: 3377)
“Spaciom”	Spaciom Limited, a captive insurance company wholly owned by Swire Pacific
“Spin-off”	the spin-off of the Company by way of the Listing to be effected by the Swire Pacific Distribution
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Swire Finance”	Swire Finance Limited, a wholly-owned subsidiary of Swire Pacific
“Swire Pacific”	Swire Pacific Limited, a company incorporated under the laws of Hong Kong on 12th March 1940, the shares of which are listed on the Stock Exchange (stock codes: 19 and 87), and the immediate controlling shareholder of the Company
“Swire Pacific ‘A’ Shares”	‘A’ shares with par value of HK\$0.60 each in the share capital of Swire Pacific
“Swire Pacific ‘B’ Shares”	‘B’ shares with par value of HK\$0.12 each in the share capital of Swire Pacific

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## DEFINITIONS

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“Swire Pacific Distribution”	a conditional special interim dividend declared by Swire Pacific to be satisfied by way of a distribution in specie of an aggregate of 1,053,235,750 Shares to Qualifying Swire Pacific Shareholders, subject to the satisfaction of the condition described in the section headed “The Swire Pacific Distribution and the Spin-off” in this listing document
“Swire Pacific Shareholder”	a registered holder of Swire Pacific Share(s)
“Swire Pacific Shares”	Swire Pacific ‘A’ Shares and Swire Pacific ‘B’ Shares
“Swire Pacific Tenancy Framework Agreement”	the tenancy framework agreement dated 18th October 2011 between the Company and Swire Pacific in respect of tenancy agreements between members of the Group and members of the Retained Group
“Swire Properties Finance”	Swire Properties (Finance) Limited, a wholly-owned subsidiary of the Company
“Swire Resources”	Swire Resources (Shanghai) Trading Company Limited, a wholly-owned subsidiary of Swire Pacific
“Track Record Period”	the three years ended 31st December 2010 and the six months ended 30th June 2011
“Trademark Agreements”	the existing licence and registered user agreements between certain members of the Group and JSS
“TYTL 48 Development Agreement”	the development agreement dated 31st December 2009 between Swire Pacific, Triple Sight International Limited (a wholly-owned subsidiary of the Company) and the Company in relation to sub-section 1 of section A of Tsing Yi Town Lot No.48 and the extension thereto (Nos. 4-6 Tsing Tim Street)
“U.K.” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“Underlying Overseas Swire Pacific Shareholder”	a person (i) who holds Swire Pacific Share(s) directly through a CCASS Participant (other than a CCASS Investor Participant) on the Record Date and whose address is shown on the records of such CCASS Participant on the Record Date as being in an Excluded Territory, or (ii) who, to the knowledge of a CCASS Participant (other than a CCASS Investor Participant), holds Swire Pacific Share(s) directly through such CCASS Participant on the Record Date on behalf of a person located in an Excluded Territory
“U.S.”, “U.S.A.” or “United States”	the United States of America

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## DEFINITIONS

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“USD”, “US\$” or “US dollars”	United States dollars, the lawful currency of the United States
“WTO”	the World Trade Organisation
“%”	per cent.

*In this listing document, the terms “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

*In this listing document, unless otherwise stated, certain amounts denominated in Renminbi, US dollars or pounds sterling have been translated into HK dollars at exchange rates prevailing at the relevant times for illustrative purposes only. Such conversions shall not be construed as representations that amounts in Renminbi, US dollars or pounds sterling were or could have been or could be converted into HK dollars at such rates or any other exchange rates.*

*Certain amounts and percentage figures included in this listing document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables or charts may not be an arithmetic aggregation of the figures preceding them.*

*“N/A” means not applicable.*

*The English names of companies incorporated in the PRC are translations of their Chinese names and are included for identification purposes only. The Chinese names of some of the companies incorporated outside the PRC are translations of their English names and are included for identification purposes only.*

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## GLOSSARY OF TECHNICAL TERMS

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*This glossary of technical terms contains terms used in this listing document (except the section headed “Industry and Regulatory Overview” in this listing document and the Market Research Report contained in Appendix IV to this listing document) as they relate to our business. As such, these terms and their meanings may not always correspond to the standard industry meaning or usage of these terms, in particular, in the context of valuation methodology.*

- “average daily rate” or “ADR”                              the total hotel room revenue divided by the total number of room nights sold in a given period
- “average effective rent”                                    in relation to any property in any period, the quotient of (a) the base rent (disregarding, where a rent review takes place, the effects of re-estimating the rental income recognised in prior periods, which effects are recognised in the period of the review) of that property in that period divided by (b) the product of (i) the LFA of that property and (ii) the average occupancy rate of that property
- “average effective total rent”                            in relation to any property in any period, the quotient of (a) the sum of the base rent and the turnover rent (disregarding, where a rent review takes place, the effects of re-estimating the rental income recognised in prior periods, which effects are recognised in the period of the review) of that property in that period divided by (b) the product of (i) the LFA of that property and (ii) the average occupancy rate of that property
- “average occupancy rate”                                    (i)    in the case of office and retail properties and serviced apartments:  
  
          in relation to any property in any period, the simple average of the occupancy rate of that property as at the middle of each month comprised in that period. The simple average of the occupancy rate of a property as at the middle of each month comprised in that period is the quotient of (a) the sum of the occupancy rates of that property as at the middle of each such month divided by (b) the number of months comprised in that period. For the purpose of this definition, the occupancy rate of a property as at a date shall be equal to the quotient of (a) the leased area of that property as at that date divided by (b) the LFA of that property as at the same date



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## GLOSSARY OF TECHNICAL TERMS

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	<p>(ii) in the case of hotels:</p> <p>in relation to any period, the total number of room nights sold divided by the total number of room nights available for sale in that period, excluding complimentary rooms and rooms occupied by in-house staff</p>
“base rent”	rental income recognised on a straight-line basis over the shorter of (i) the remaining lease term (taking into account, where a rent review takes place, the re-estimation of the rental income recognised in prior periods which effects are recognised in the period of the rent review) and (ii) the period from the commencement date of the lease to the first break option date (if any), exclusive of any additional turnover rent (if applicable) and other charges and reimbursements (if any). Where the lease includes a rent-free period, the rental income foregone is allocated evenly over the lease term
“CAGR”	compound annual growth rate
“deed of mutual covenant”	in respect of a multi-ownership building in Hong Kong, the legal document registered in the Land Registry of Hong Kong which sets out the rights, interests and obligations of the owners, occupiers, tenants and property management agents in respect of the control, administration, maintenance and management of private properties, common parts and facilities of the building
“Grade A”	modern with high quality finishes, flexible layout, large floor plates, spacious, well decorated lobbies and circulation area, effective central air-conditioning, good lift services zoned for passengers and goods deliveries, professional management and parking facilities normally available
“gross floor area” or “GFA”	<p>(i) in the case of any building in Hong Kong:</p> <p>the area contained within the external walls of the building measured at each floor level (including any floor below ground level) including the overall area of any balcony and the thickness of the external walls of the building, which in general excludes any area which has been disregarded as constituting gross floor area by the Building Authority</p>

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## GLOSSARY OF TECHNICAL TERMS

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(ii) in the case of any building in the PRC:

the area contained within the external walls of the building measured at each floor level (including any floor below ground level) including the thickness of the external walls of the building. For above-ground areas, this generally includes mechanical and electrical service rooms, refuse rooms, water tanks and carparking floors. For underground areas, this generally excludes mechanical and electrical service rooms, refuse rooms, water tanks and carparking floors

(iii) in the case of any building in the U.S.:

the area contained within the external walls of the building measured at each floor level (excluding any floor below ground level) including the thickness of the external walls of the building. In general, this includes mechanical and electrical service rooms, refuse rooms, water tanks and carparking floors

(iv) in the case of any building in the U.K.:

the Company's own measurement of the internal floor area of that building

“gross rental income” or  
“Rental Income”

in relation to any property, the gross amount of the rental income recognised from the property, comprising base rent, turnover rent, licence fees, car park gross income, ice rink net operating income and other income recognised in respect of the property together with service charges, management fees, air conditioning charges, promotional levy and any other supplementary charges in respect of the property

“land use rights certificate”

PRC state-owned land use rights certificate issued by a local real estate and land resources bureau with respect to land use rights

“leased area”

in relation to a property, the GFA or LFA of the property which is subject to a lease

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## GLOSSARY OF TECHNICAL TERMS

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“lettable floor area” or “LFA”

(i) in the case of office properties:

(a) in respect of a unit occupying an entire floor, the floor area exclusively allocated to that unit including toilets and lift lobbies but excluding common areas such as staircases and smoke lobbies, lift shafts and plant rooms, and (b) in respect of a unit which is one of several units making up an entire floor, the floor area exclusively allocated to that unit plus a proportionate share of the communal toilets, lift lobbies and passageways among the units on that floor such that the aggregate lettable floor areas of all subdivided units on the floor shall equal the lettable floor area of the floor if occupied as one single unit

(ii) in the case of retail properties:

(a) in respect of a unit occupying an entire floor, the floor area available for the exclusive use of the occupier as if the whole floor is taken up as a single unit i.e. including toilets and passageways but excluding common areas such as lift shafts, stairs, plant rooms and smoke lobbies; and (b) in respect of a unit which is one of several units making up an entire floor, the floor area exclusively allocated to that unit, being the area which is measured up to the centre line of the wall separating adjoining units, and the full thickness of the external walls and walls separating the units from common areas

(iii) in the case of a Techno-centre or a serviced apartment, its GFA

“net rental income”

gross rental income less outgoings

“occupancy cost ratio”

in relation to any retail property in any period, the quotient of (a) the aggregate of the base rent, turnover rent, licence fees, service charges, management fees, air conditioning charges, promotional levy and any other supplementary charges in respect of that retail property for that period divided by (b) the aggregate sales turnover of the tenants of that retail property for that period

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## GLOSSARY OF TECHNICAL TERMS

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“occupation permit”	a written permit issued by the Building Authority in Hong Kong certifying that the relevant development or building is fit for occupation (and stipulating the designated user of the development or building) or the corresponding document issued by the relevant authority in another jurisdiction
“outgoings”	all costs associated with the management of the property including but not limited to, staff costs, chilled water charges and electricity, marketing expenses, ice rink expenses, carpark expenses, air conditioning expenses, cleaning charges, building maintenance and services, lift maintenance and, in respect of vacant areas, government rent
“retention rate”	in relation to any property during any period, the quotient of (a) the aggregate LFA attributable to leases which are renewed (whether in respect of the same space or other space in that property) in that period in that property divided by (b) the aggregate LFA attributable to leases which expire in that period in that property
“sq.ft.”	square feet. Where an area in square metres is converted into square feet, it is converted at the ratio of 1 square metre : 10.764 square feet
“sq.m.”	square metre
“RevPAR”	revenue per available room, which is calculated by dividing the total hotel room revenue by the total number of room nights available for sale in a given period
“rental reversion”	in respect of any property, the difference between the new rental rate achieved upon lease renewal or entry into a new lease and the expiring or prior rental rate for that property
“room nights”	the number of times a hotel room is used or available for use by a guest(s) for an overnight stay of up to 24 hours in a given period, excluding complimentary rooms or rooms occupied by in-house staff
“turnover rent”	rent calculated by reference to a pre-determined percentage of a tenant’s sales turnover

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## GLOSSARY OF TECHNICAL TERMS

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“weighted average lease term to expiry” in relation to any property as at 30th September 2011, means the sum of the quotient for each of the leases in respect of that property, such quotient being (1) the product of (a) the length of the remaining term of that lease to expiry as at 30th September 2011 multiplied by (b) base rent derived from that lease for the month ended 30th September 2011 divided by (2) the base rent derived from all the leases in respect of that property for the month ended 30th September 2011

Notes:

- (1) As at 30th September 2011, we occupied 1.8% of the total attributable LFA of the office portion of our completed investment properties. For the purposes of the operational data in this listing document, such self-occupation has been treated as if the relevant space were occupied by third parties.
- (2) In this listing document, unless the context otherwise requires, (a) hotels are treated as investment properties even though they are not so treated for the purposes of our accounts, (b) the office portion of the Daci Temple project is treated as an investment property even though it is treated as a trading property for the purposes of our accounts; and (c) the residential portion of the Brickell CitiCentre project is treated as an investment property even though it is intended to be developed for trading purposes.
- (3) Unless the context otherwise requires, Festival Walk is not treated as one of our properties at any time during the Track Record Period for the purposes of the operational data in this listing document.

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## GLOSSARY OF TECHNICAL TERMS

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The following table summarises the classification in this listing document of the principal properties in our property portfolio for the purposes of the operational data and for the purposes of our accounts:

Names of properties	Classification for the purposes of the operational data	Classification for the purposes of our accounts <sup>(4)</sup>
Pacific Place, Hong Kong <sup>(3)</sup>	Completed investment property	Completed investment property
TaiKoo Place, Hong Kong	Completed investment property	Completed investment property
Cityplaza, Hong Kong <sup>(3)</sup>	Completed investment property	Completed investment property
Citygate, Hong Kong	Completed investment property	Interest in jointly controlled entities
Island Place (shopping centre podium including parking spaces), Hong Kong	Completed investment property	Completed investment property
StarCrest (retail area and car parks), Hong Kong	Completed investment property	Completed investment property
21, 23, 25, 27 and 29 Wing Fung Street, Wanchai, Hong Kong	Completed investment property	Completed investment property
625 King's Road (office building), Hong Kong	Completed investment property	Interest in jointly controlled entities
8 Queen's Road East (formerly called Sincere Insurance Building), Hong Kong	Completed investment property	Completed investment property
Rocky Bank, 6 Deep Water Bay Road, Hong Kong	Completed investment property	Completed investment property
House B, 36 Island Road, Deep Water Bay, Hong Kong	Completed investment property	Completed investment property
Eredine, 38 Mount Kellett Road, The Peak, Hong Kong	Completed investment property	Completed investment property
Sanlitun Village, Beijing, PRC <sup>(3)</sup>	Completed investment property	Completed investment property
TaiKoo Hui, Guangzhou, PRC <sup>(3)</sup>	Completed investment property	Investment property under construction
Beaumonde Retail Podium, Guangzhou, PRC	Completed investment property	Completed investment property
The Mandarin Oriental, Miami, U.S.	Completed investment property	Hotel held by jointly controlled entities
The Montpellier Chapter, Cheltenham (formerly called Hotel Kandinsky, Cheltenham), U.K.	Completed investment property	Property, plant and equipment
The Magdalen Chapter, Exeter (formerly called Hotel Barcelona, Exeter), U.K.	Completed investment property	Property, plant and equipment
Hotel Seattle, Brighton, U.K.	Completed investment property	Property, plant and equipment

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## GLOSSARY OF TECHNICAL TERMS

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Names of properties	Classification for the purposes of the operational data	Classification for the purposes of our accounts <sup>(4)</sup>
Avon Gorge Hotel, Bristol, U.K.	Completed investment property	Property, plant and equipment
28 Hennessy Road (formerly called Tai Sang Commercial Building), Hong Kong	Investment property under development or held for future development	Investment property under construction
23 Tong Chong Street, Hong Kong	Investment property under development or held for future development	Investment property under construction
Amalgamation Properties, Hong Kong	Investment property under development or held for future development	Investment property under construction
INDIGO, Beijing, PRC <sup>(3)</sup>	Investment property under development or held for future development	Interest in jointly controlled entities
Dazhongli, Shanghai, PRC <sup>(3)</sup>	Investment property under development or held for future development	Interest in jointly controlled entities
Daci Temple, Chengdu, PRC <sup>(1,3)</sup>	Investment property under development or held for future development	Interest in jointly controlled entities
Brickell CitiCentre, 601, 700 and 701 South Miami Avenue and 799 Brickell Plaza, Miami, U.S. <sup>(2, 5)</sup>	Investment property under development or held for future development	Property held for future development
AZURA, 2A Seymour Road, Hong Kong	Trading property under development	Property under development
ARGENTA, 63 Seymour Road, Hong Kong	Trading property under development	Property under development
33 Seymour Road, Hong Kong	Trading property under development	Property under development
92-102 Caine Road, Hong Kong	Trading property under development	Property under development
1-9 and 2-10 Sai Wan Terrace, Hong Kong	Trading property under development	Property under development
148 Argyle Street, Hong Kong	Trading property under development	Property under development
8-10 Wong Chuk Hang Road, Hong Kong	Trading property held for future development	Interest in jointly controlled entities
ASIA, Miami, U.S.	Completed trading property	Properties for sale

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## GLOSSARY OF TECHNICAL TERMS

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*Notes:*

- (1) The office portion of the Daci Temple project is intended to be developed for trading purposes. In this listing document, unless the context otherwise requires, the office portion is treated as an investment property even though it is treated as a trading property for the purposes of our accounts.
- (2) The property is currently classified for accounting purposes as a property held for future development as opposed to investment property and will remain so classified until relevant approvals are obtained. Relevant approvals are expected to be obtained before the end of January 2012. When the relevant approvals are obtained, the property other than the residential portion will be reclassified for accounting purposes as investment property.
- (3) In this listing document, unless the context otherwise requires, the hotel portion of these developments is treated as an investment property even though it is treated as property, plant and equipment for the purposes of our accounts.
- (4) To the extent that a portion of an investment property is owner-occupied, that portion is classified as property, plant and equipment.
- (5) The residential portion of the property is intended to be developed for trading purposes. For the purposes of the operational data in this listing document, the residential portion is treated as an investment property.



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## RISK FACTORS

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*You should consider carefully all the information set out in this listing document and, in particular, the risks and uncertainties described below before making an investment in the Shares. The occurrence of any of the following events could harm us. If these events occur, the trading price of the Shares could decline and you may lose all or part of your investment.*

### **RISKS RELATING TO OUR BUSINESS**

#### **We are principally dependent on the performance of real estate markets in Hong Kong and the PRC.**

Most of our properties are located in Hong Kong. In recent years, we have increased our investment in property projects in the PRC. Our business and prospects principally depend on the performance of the real estate markets in Hong Kong and the PRC, in particular, Beijing, Shanghai, Guangzhou and Chengdu. Any real estate market downturn in these or any other markets where we operate could adversely affect our profitability. We cannot assure you that the demand for properties in Hong Kong, Beijing, Shanghai, Guangzhou, Chengdu and other places where we operate will continue to grow. Our financial position and results of operations may be influenced by fluctuations of supply and demand in the real estate market, which may in turn be influenced by the general state of the economy and other factors, including government policies. Any economic downturn or over-supply of properties could result in a slowdown in property sales or leases or downward pressure on property prices or rents. Any adverse development in the real estate market in Hong Kong, the PRC and other places where we operate or may operate in the future could have a material adverse effect on our business, results of operations and financial condition.

#### **We are dependent on rental income from our investment property portfolio.**

Leasing of our investment properties constitutes a very important part of our business. For the years ended 31st December 2008, 2009 and 2010 and the six months ended 30th June 2011, rental income generated from our investment properties constituted approximately 86%, 89%, 89% and 90% respectively, of our total turnover. As at 30th September 2011, we had an aggregate of approximately 17.7 million square feet of GFA attributable to the Group of completed investment properties (excluding hotels) and had leased in aggregate approximately 11.8 million square feet of LFA, accounting for approximately 97% of the total LFA of our completed investment properties. We are subject to risks incidental to the ownership and operation of office, retail and residential properties including, amongst other things, changes in market rental levels, competition for tenants and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency or other financial difficulties. In addition, we may not be able to renew leases with our tenants on terms acceptable to us, or at all, upon the expiration of the existing terms. Furthermore, any downturn in the rental market for commercial properties could negatively affect the demand for our rental properties and the amount of rental income we earn, which may have a material adverse effect on our business, results of operations and financial position.

#### **Any economic slowdown may adversely affect our business and our ability to obtain necessary financing for our operations.**

The global financial crisis that unfolded in 2008 resulted in a marked slowdown in world economic growth, economic contractions in certain markets, more commercial and consumer delinquencies, weakened consumer confidence and increased market volatility in the places in which

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## RISK FACTORS

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we operate. The slowdown of the worldwide economy also caused a decrease in property prices in Hong Kong, the PRC and other places in which we operate. The market volatility and uncertainty caused by the global financial crisis also contributed to a lower demand for properties and a decline in their rents or selling prices. Any global economic slowdown or financial market turmoil in the future may adversely affect the business of the tenants of our office and retail properties and potential purchasers of our trading properties, which may lead to a decrease in the general demand for our properties and a decrease in the rents or selling prices of our properties. In addition, since a portion of our rental income in Hong Kong and the PRC is derived from the turnover of our tenants, which is more volatile than our base rental income, any drop in consumer demand for the goods and services of our tenants could reduce our rental income from retail properties and have an adverse impact on our results of operations.

The outlook for financial markets and the world economy is uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt. In the United States, the unemployment rate remains high and the housing market remains depressed. In the Middle East, political unrest in various countries has resulted in economic instability and uncertainty. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive inflows of foreign funds or both.

Possible adverse consequences arising from uncertainties in the financial markets and the world economy include:

- the inability of tenants to pay their rents in a timely manner or to continue their leases, thus reducing our cash flow;
- decreases in the valuations of properties in which we have an interest, resulting from deteriorating cash flows or increasing capitalisation rates or both;
- decreases in rental or occupancy rates or both;
- reduced demand for residential properties;
- a general increase in counterparty risk, resulting in payment and other defaults;
- insolvency of contractors, resulting in construction delays;
- an increased likelihood that one or more of our lenders or insurers may be unable to honour their commitments; and
- excessive inflation in the countries in which we operate, resulting in a reduction of our real income.

### **We may not be able to continue to attract and retain quality tenants.**

Our investment properties compete for tenants with other properties on, amongst other things, location, quality, maintenance, property management, rent levels and other lease terms. We cannot assure you that existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with ours would increase the competition for tenants and as a result we may have to reduce rent or incur additional costs to make our properties more attractive.

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## RISK FACTORS

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If we are not able to retain our existing tenants or attract new tenants to replace those that leave or to lease our new properties, our occupancy rates may decline. If we fail to attract well-known brands as our tenants or keep our existing tenants, our investment properties may become less attractive and competitive. This in turn could have a material adverse effect on our brand, business, results of operations and financial position.

**We may not have adequate capital resources to fund our land acquisitions and future property developments.**

Property development is capital intensive. In the past, we have financed our property projects primarily through borrowings from Swire Pacific, Swire Finance and financial institutions as well as from income from operating activities. Following the repayment (or prepayment) of the Inter-group Funding, we expect to finance our property projects primarily through borrowings from financial institutions, income from operating activities and other sources, including fund raising through the capital markets.

Our ability to procure adequate financing for land acquisition and property developments depends on a number of factors that are beyond our control, in particular in the PRC. On 5th June 2003, the PBOC adopted the Circular on Further Strengthening the Management of the Real Estate Credit Business 《關於進一步加強房地產信貸業務管理的通知》 to strengthen enforcement on lending regulations in the property industry. These measures:

- prohibit PRC commercial banks from financing the payment of land premium;
- restrict PRC commercial banks from financing the development of luxury residential properties and villas;
- prohibit PRC commercial banks from granting or arranging project loans to property developers for projects if the property developer has failed to acquire the land use rights certificate, the planning permit for land for construction, the planning permit for construction projects and the construction permit or if the property developer's internal funds for the project are less than 30% (which was later raised to 35%) of the total estimated capital required for that project; and
- prohibit property developers from financing property developments with loans obtained from banks in regions outside the locations of the relevant property developments.

In September 2007, PBOC and CBRC jointly issued the Notice on Strengthening the Administration of Commercial Real Estate Credit Loans 《關於加強商業性房地產信貸管理的通知》 to regulate further the management of credit loans for commercial real estate. These measures include:

- prohibiting commercial banks from lending to projects with an internal capital ratio (owners' equity) of less than 35%, or without a land use rights certificate, construction land use planning permit, construction planning permit and construction permit;

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## RISK FACTORS

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- prohibiting commercial banks from lending to property developers solely for the payment of land premium; and
- commercial properties purchased with loans shall have been completed and passed the completion acceptance inspection.

On 20th December 2008, the General Office of the State Council promulgated the Several Opinions on Promoting the Healthy Development of the Real Estate Market 《國務院辦公廳關於促進房地產市場健康發展的若干意見》, pursuant to which commercial banks shall, according to the principles for credit and requirements for supervision, increase credit support for the construction of small or medium-sized or at low or medium-priced ordinary commercial properties, especially for projects under construction. With regard to the enterprises or projects relating to merger or reorganisation by competent and reputable real estate development enterprises, commercial banks shall provide financing support and related financial services.

In accordance with the Notice Regarding Adjusting Capital Ratio of Fixed Assets Investment Project 《國務院關於調整固定資產投資項目資本金比例的通知》 promulgated by the State Council on 25th May 2009, the minimum capital ratio for real estate development projects (other than low-income and ordinary commercial housing projects) is 30%. When providing credit support and services, financial institutions shall carry out independent assessments to prevent financial risks and conduct comprehensive assessments and evaluations of the source of the capital, returns on investment and credit risks with reference to the capital ratio requirements promulgated by the state and the actual status of the borrower and the project, to independently decide whether to grant the loan and the specific amount and proportion of the loan.

On 7th January 2010, the General Office of the State Council issued the Circular on Promoting the Stable and Healthy Development of the Real Estate Market 《國務院辦公廳關於促進房地產市場平穩健康發展的通知》, pursuant to which financial institutions are required to adhere to internal capital ratios for real estate projects strictly and are prohibited from advancing funds to developers or projects that do not satisfy the relevant credit policy requirements.

On 29th September 2010, PBOC and CBRC jointly issued the Notice on Issues Concerning the Improvement of Differential Housing Credit Policies 《中國人民銀行、中國銀行業監督管理委員會關於完善差別化住房信貸政策有關問題的通知》, pursuant to which all commercial banks are required to suspend the granting of loans for new development projects and suspend the extension of loans to any real estate development enterprise which has left any land idle, changed the uses and nature of land, delayed the commencement of property projects or completion of construction, held back housing units for sales or violated any laws or regulations.

These PRC government actions and policy initiatives may limit our ability to use bank loans to finance our property projects and therefore we may need to maintain a higher level of internally sourced cash for the expansion of our business in the PRC. We cannot assure you that we will be able to continue to secure financing on commercially viable terms or that our business, results of operations and financial position will not be materially adversely affected as a result of such and other government actions and policy initiatives.

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## RISK FACTORS

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**Our profit level and margin are affected by our turnover mix and we may not be able to sustain our existing level of profit.**

We recorded gross profit margins of approximately 73%, 73%, 75% and 77% for each of the three years ended 31st December 2008, 2009 and 2010 and the six months ended 30th June 2011, respectively. Factors which may reduce our gross profit margin include:

- a change in the mix of our revenue sources, for example, rental income from our investment properties and income from the sale of our trading properties;
- increased market competition;
- failure to achieve sales targets; and
- failure to negotiate volume discounts with suppliers on favourable terms.

We cannot assure you that we can always maintain or increase gross profit margin. In the event that we are unable to maintain or increase our gross profit margin, our profitability may be materially and adversely affected.

**We may not be able to complete or deliver our property development projects on time, on budget or at all.**

The progress and costs of a development project can be adversely affected by many factors, including:

- delays in obtaining necessary licences, permits or approvals from governments;
- delays in obtaining necessary financings;
- relocation of existing residents and/or demolition of existing buildings;
- shortages of materials, equipment, contractors and skilled labour;
- labour disputes;
- construction accidents;
- natural catastrophes and adverse weather conditions;
- changes in government policies or relevant laws or regulations; and
- economic conditions.

Construction delays or the failure to complete the construction of a project according to our planned specifications, schedule or budget as a result of the above factors may affect our results of operations and financial position and may also adversely affect our reputation. We cannot assure you that we will not experience any significant delays in the completion or delivery of our projects, or that

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## RISK FACTORS

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we will not be subject to any liabilities to our tenants, any purchasers or relevant government authorities for any such delays. Liabilities arising from any delays in the completion or delivery of our projects could have a material adverse effect on our business, results of operations and financial position.

**We may not always be able to obtain suitable land reserves at reasonable cost.**

We derive our revenue principally from rental income from our investment properties and, to a lesser extent in recent years, from the sale of properties which we have developed. Therefore, we must maintain or increase our land reserves at an appropriate pace, each with sufficient size and appropriate scope of usage for our requirements, in strategic locations in order to position us for sustainable business growth.

In Hong Kong, suitable new development sites of significant size are not easy to obtain due to strong competition from other developers and the limited amount of undeveloped land and such development sites have generally become more scarce and expensive in recent years. Normally, new land is available when the Hong Kong government decides to make it available to developers by putting it on an application list, in a government-initiated auction or on a tender list. For details of the application list system, see the section headed “Industry and Regulatory Overview — Regulatory Overview of the Hong Kong Property Industry — Land Auction Process (including application list system)” in this listing document. Our future growth prospects may therefore be adversely affected if we are not able to acquire properties at suitable prices.

We have acquired individual units in several sites in Hong Kong which are being assembled for amalgamation and are referred to in this listing document as Amalgamation Properties. While we believe that the successful assembly and subsequent development of the amalgamated sites could generate attractive investment returns for Shareholders, there is no assurance that we will be able to complete the site assemblies on commercially viable terms or at all. We revisit the development potential of Amalgamation Properties and decide whether we should continue to hold or dispose of any of the Amalgamation Properties from time to time. Amalgamation Properties are generally older and of lower quality than other assets in our investment property portfolio, generate a low level of rental income, if any, and, without the prospect of successful amalgamation and development, would not fit our investment criteria. If we were not able to complete the site assemblies on commercially viable terms or at all, we may have to dispose of Amalgamation Properties, potentially at a loss.

The PRC government controls the availability of land in the PRC. The PRC government’s land supply policies have a direct impact on our ability to acquire land use rights and our costs of acquisition. In recent years, the PRC central and local governments have implemented various measures to regulate the means by which property developers may obtain land. The PRC government also controls land supply through zoning, land usage regulations and other measures. All these measures further intensify the competition for land in the PRC among property developers.

In 2002, the Rules on the Grant of State-owned Land Use Rights through Public Tender, Auction and Listing-for-Sale 《招標拍賣掛牌出讓國有土地使用權規定》 (amended in 2007) introduced a nationwide system of mandatory public tender, auction or listing-for-sale for the grant of land use rights for industrial use, commercial use, tourism use, entertainment use and commodity housing development and the use rights for land in which more than one land user are interested. The rules

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require that the land premium must be paid in full pursuant to the underlying land grant contract before the land use rights certificate can be issued to the land user. The PRC government's policy to grant state-owned land use rights at competitive market prices is likely to increase the acquisition cost of land reserves. Our business, results of operations and financial position may be materially and adversely affected to the extent that we are unable to acquire suitable sites for our model of project development in strategic locations on a timely basis or at prices which will enable us to achieve reasonable returns.

In addition, we have focused on developing mixed use property projects in Hong Kong and, more recently, in major cities in the PRC. We intend to expand our businesses further in these and other places when appropriate opportunities arise. The success of our business model is dependent on, and could be directly affected by, the accuracy of our prediction of the local demand in and economic growth of the cities where we have, or will have, projects. Our success is also dependent on our managerial, operational and financial resources, as well as our knowledge of the demand for quality office, retail, hotel and residential premises. In addition, we may have limited knowledge of the local conditions of new property markets. Furthermore, we may not have the same level of familiarity with contractors, business practices, regulations, customer preferences, behaviour and spending patterns, which may put us in a less competitive position as compared to domestic property developers. Any failure to understand any new property market which we target for entry could have a material adverse effect on our business, reputation, results of operations and financial position.

**We cannot assure you that third party contractors will always meet our quality standards and provide services in a timely manner.**

We employ third party contractors to carry out various works, including design, construction, structural engineering, internal decoration, landscaping, electrical and mechanical engineering and lift installation. Despite our project management, we cannot guarantee that our third party contractors will always provide satisfactory services. In addition, we may not be able to engage third party contractors with the right experience in the places in which we operate. Moreover, as is common in the property industry, completion of our property developments may be delayed and we may incur additional costs due to a contractor's financial or operational difficulties. Our contractors may undertake projects for other developers thereby diverting resources, engage in risky undertakings or otherwise encounter financial or other difficulties, which may cause delay in the completion of our property projects or increase our development costs. The services rendered by independent contractors may not always meet our quality standards. Any of these factors could have a negative impact on our reputation, business, results of operations and financial position.

**Increases in the cost of labour or construction materials may have an adverse impact on our results of operations.**

If the costs of labour or construction materials increase significantly, and we cannot offset such increase by reducing other costs or cannot pass on such increase to the buyers or tenants of our properties, our business, results of operations and financial position may be materially and adversely affected.

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### **Fines may be imposed on us or our land may be confiscated if we fail to pay land premiums or develop property according to the terms of land grant contracts.**

In Hong Kong, government grants may contain building covenants. Where we purchase land under such government grants for development, there will usually be a provision stipulating the time period within which the land must be developed (“**Building Covenant Period**”). If there is a failure to complete the development before the expiry of the Building Covenant Period, there are provisions for re-entry by the government, unless a premium is paid by us for an extension of the Building Covenant Period.

On 3rd January 2008, the State Council of the PRC issued the Notice on Promoting the Saving and Intensification of Use of Land 《關於促進節約集約用地的通知》 which urged the full and effective use of existing construction land and the preservation of farming land. The notice also emphasised the enforcement of the current rules on idle land. Under PRC laws and regulations, if we fail to develop a property according to the terms of the land grant contract, the PRC government may issue a warning, impose a penalty or confiscate any land which we may hold from time to time. Under current PRC laws and regulations, the PRC government may impose an “idle land fee” equal to 20% of the land premium if the construction fails to commence for more than one year but less than two years after the relevant construction land has been identified as “idle land”. The construction land may be identified as “idle land” under any of the following circumstances: (i) the construction fails to commence pursuant to the requirements of the land grant contract without consent of the competent authority, (ii) where the “Contract on Paid Use of the Right to Use State-Owned Land” 《國有土地有償使用合同》 or the “Approval Letter on Land Used for Construction” 《建設用地批准書》 does not prescribe the date on which the development and construction must commence, and the development and construction of the land is not commenced within one year from the date when the “Contract on Paid Use of the Right to Use State-Owned Land” became effective or when the administrative department of land issued the “Approval Letter on Land Used for Construction”, (iii) the developed GFA on the land is less than one-third of the total GFA of the project or the invested amount is less than 25% of the total investment of the project and the suspension of the development of the land is more than one year without government approval, or (iv) in other circumstances prescribed by relevant laws and administrative regulations. Furthermore, the PRC government has the authority to confiscate land which we may hold from time to time without compensation to us if we do not commence construction within two years after the date specified in the land grant contract, unless the delay is caused by force majeure, governmental action or preliminary work necessary for the commencement of construction.

On 8th March 2010, the PRC Ministry of Land and Resources issued the Circular on Certain Issues Concerning Strengthening Land Supply and Supervision for Real Estate 《國土資源部關於加強房地產用地供應和監管有關問題的通知》, pursuant to which developers are required to make a 50% down payment of the land premiums within one month from the date of the land grant contract and to make the rest of the payment within a year. Failure to make these payments may result in the land being confiscated pursuant to the terms of the relevant land grant contract.

Our Chengdu joint venture company, together with a wholly-owned subsidiary of Sino-Ocean Land, entered into a land grant contract with the Chengdu Land and Resources Bureau to acquire the land use right for our Daci Temple project in Chengdu. According to the land grant contract, the total land premium of RMB2 billion should have been paid by 30th June 2011. As at the Latest Practicable Date, RMB0.78 billion has been paid but the payment of the balance of the land premium cannot be completed until approval has been obtained from the Chengdu Investment Promotion Commission and Ministry of Commerce for a further increase in the registered capital of our Chengdu joint venture



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company. The application for increase of the registered capital was approved by the Chengdu Investment Promotion Commission in September 2011 and is being referred by the Chengdu Investment Promotion Commission to the Ministry of Commerce for its review and filing. We will pay the outstanding land premium as soon as approval for the further increase in the registered capital of our Chengdu joint venture company has been obtained. The reason for the delay in payment was explained in writing to the Chengdu Land and Resources Bureau in June 2011. As at the Latest Practicable Date, we have not received any notice from Chengdu Land and Resources Bureau imposing fines or terminating the land grant contract.

During the Track Record Period, the Company was not subject to any penalties for late payment of land premiums and was not required to forfeit any land or pay any penalties as a result of late payment of land premiums or failing to commence development pursuant to the relevant land grant contract. However, we cannot assure you that we will not be required to pay a late payment fine or be subject to other penalties as a result of any late payment of land premiums or any failure to commence development in accordance with the relevant land grant contract. Should this occur, our business, results of operations and financial position could be materially and adversely affected.

**We may be adversely affected by material issues that affect our relationships or business ventures with our joint venture partners.**

We carry out, and expect to carry out in the future, some of our business through joint ventures. Such joint venture arrangements involve a number of risks, including:

- we may not be able to pass certain important board resolutions requiring unanimous consent of all the directors of our joint ventures if there is a disagreement between us and our joint venture partners;
- any disagreement with any of our joint venture partners in connection with the scope or performance of our respective obligations under the joint venture arrangements might affect our ability to develop or operate a property;
- our joint venture partners may be unable or unwilling to perform their obligations under the joint venture arrangements with us, including their obligation to make required capital contributions and shareholder loans, whether as a result of financial difficulties or otherwise;
- our partners may have economic or business interests or goals that are inconsistent with those of the Group;
- our partners may take action contrary to our requests or instructions, or contrary to our policies or objectives with respect to our property investments; or
- our partners may face financial or other difficulties affecting their ability to perform their obligations under the relevant joint venture with us.

Any of these and other factors may have a material adverse effect on our business.

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**We may directly bear demolition and resettlement costs associated with our property developments and such costs may increase and the relocation process may not be completed as planned.**

We may be responsible, directly or indirectly, for the demolition of existing buildings and for the costs of the resettlement of original residents. The minimum compensation payable in the PRC for relocation and demolition is calculated in accordance with formulae published by the relevant local authorities. We cannot assure you, however, that these local authorities will not change or adjust their formulae from time to time. If they do so, our land acquisition costs may be subject to substantial increases, which could adversely affect our cash flow, results of operations and financial position. In addition, if an agreement is not reached over the amount of compensation with any existing owner or resident where we are directly or indirectly responsible for the relocation and demolition costs, either we or such owner or resident could apply to the relevant authorities for a ruling on the amount of compensation. Dissenting owners and residents may also refuse to relocate. The relocation process may not be completed as planned. This administrative process or such resistance or refusal to relocate may delay the timetable of our development projects or, in extreme cases, prevent their completion, and an unfavourable final ruling may result in us paying more than the amount the formulae call for. Any of these events could have a material adverse effect on our business, results of operations and financial position.

Demolition and removal before 21st January 2011 were regulated by the Regulations for the Administration of Demolition and Removal of Urban Housing 《城市房屋拆遷管理條例》, which were promulgated by the State Council in June 2001 (the “**2001 Demolition and Removal Regulations**”). The 2001 Demolition and Removal Regulations set forth requirements and procedures for housing demolition and removal. During the demolition and removing period announced by the department in charge of demolition and removal, the party demolishing and removing and the parties subject to demolition and removal are required to enter into agreements for compensation and relocation in respect of the demolition and removal. Compensation for housing demolition and removal may be effected by way of monetary compensation or exchange of property rights. Detailed implementation rules with respect to the 2001 Demolition and Removal Regulations have been enacted by local government authorities. On 21st January 2011, the State Council of the PRC issued the Expropriation Rules which repealed the 2001 Demolition and Removal Regulations. The Expropriation Rules provide for the rights of persons whose buildings are to be expropriated. In accordance with the Expropriation Rules, buildings on state-owned land can be expropriated for public interest reasons and the owners of those buildings are required to be reimbursed. Where a building on state-owned land is expropriated in accordance with law, the corresponding right to use the state-owned land is withdrawn at the same time. The compensation for the expropriation of a building must not be less than the market price of a property similar to the expropriated building on the date of the announcement of the decision to expropriate the building. The value of the building expropriated is required to be assessed by a qualified real estate price assessment institution in accordance with the assessment measures for building expropriation.

**The appraised value of our properties may be different from the actual realisable value and is subject to change.**

The appraised values of our properties as contained in the property valuation reports set out in Appendix III “Property Valuation” to this listing document are based on assumptions that include elements of subjectivity and uncertainty, and may be subject to substantial fluctuations. Therefore, the appraised value of our properties may be different from their actual realisable value or a forecast of

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their realisable value. Unforeseen changes to property development projects as well as national and local economic conditions may affect the value of our property holdings. In particular, the fair value of our properties could remain stable or decrease in the event that the market for comparable properties experiences a downturn, for example, in the PRC as a result of the PRC government policies aimed at “cooling-off” the PRC property market or, in Hong Kong, the PRC, the U.S. or the U.K., as a result of the continuing effect of the recent global financial crisis, or otherwise. As noted above, the appraised values of our properties are based on many assumptions. These assumptions include that:

- we have obtained all approvals from regulators necessary for the development of the projects without onerous conditions or delays; and
- we have paid all land premiums and obtained all land use rights certificates and transferable land use rights.

In respect of the properties that we do not wholly own, their appraised values are allocated according to our pro rata ownership of the relevant project companies. As disclosed in the property valuation reports set out in Appendix III “Property Valuation” to this listing document, the real estate ownership certificates with respect to the Dazhongli and Daci Temple projects have not been obtained. If any of the assumptions proves to be incorrect and/or the actual realisable value of any of our properties is significantly lower than its appraised value, our results of operations and financial position may be materially and adversely affected.

**Our results of operations for each of the periods in the Track Record Period include revaluation adjustments which are unrealised and therefore the future fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may have a material negative impact on our profitability.**

Because we have adopted a policy of recording our investment properties at fair value, we are required under HKFRS to reassess the fair value of our investment properties at every balance sheet date for which we issue financial statements. Under HKFRS, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated income statement in the period in which they arise. Our valuations (other than of the Amalgamation Properties) are based on a capitalisation approach, under which the estimated net rental income generated from the investment properties is capitalised at an appropriate rate to arrive at the value conclusions. A direct comparison approach is also used, under which our investment properties are directly compared with other comparable properties of similar size, character and location, in order to provide a fair comparison of capital values. Our investment properties were revalued by qualified surveyors as at 31st December 2008, 2009 and 2010 and 30th June 2011 on an open market, existing use basis, which reflected market conditions on those dates. Based on such valuation, we recognised the aggregate fair market value of our investment properties on our consolidated balance sheets, and recognised fair value gains on investment properties and the applicable deferred tax in our consolidated income statement. For the years ended 31st December 2008, 2009, 2010 and the six months ended 30th June 2011, the fair value gains on our investment properties were HK\$358 million, HK\$14,407 million, HK\$20,480 million and HK\$17,553 million, respectively, and accounted for approximately 8.0%, 77.5%, 74.7% and 84.7%, respectively, of our profit before taxation. Changes in the fair value of Sanlitun Village affect the fair value of our liability in respect of our minority partner’s right to sell to us its interest in Sanlitun Village.

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Fair value gains or losses do not change our cash position as long as the relevant investment properties are held by us and, therefore, do not increase or decrease respectively our liquidity in spite of the increased or decreased profit. Therefore, fair value gains would not generate a flow of funds from which dividends could be paid. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations.

### **Our profit and results of operations are subject to changes in interest rates.**

Our borrowings are principally denominated in HK dollars and Renminbi. The interest rates on some of our outstanding HK dollar denominated borrowings are benchmarked to the Hong Kong interbank offered rates for HK dollars. Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations. The benchmark three-year bank lending rates published by PBOC for the years ended 31st December 2008, 2009, 2010 and the six months ended 30th June 2011 were 5.40%, 5.40%, 5.85% and 6.40%, respectively. We cannot assure you that these benchmark interest rates will remain unchanged or that they will not increase. For the six months ended 30th June 2011, the average interest rate on our outstanding bank borrowings was 6.0% and the average interest rate on our outstanding borrowings from Swire Finance was 3.79%. Interest expenses on our borrowings incurred in 2008, 2009, 2010 and the six months ended 30th June 2011 were HK\$1,180 million, HK\$1,251 million, HK\$1,264 million and HK\$761 million, respectively. We cannot assure you that PBOC will not raise lending rates or that the Hong Kong interbank offered rates for HK dollar loans will not fluctuate significantly. Any increase in these rates will increase our financing cost and may materially and adversely affect our business, financial condition and results of operations.

### **We may suffer losses arising from uninsured risks.**

We have insurance in place in relation to our completed properties and in relation to our properties under development. For more information, please see the section headed “Business — Insurance” in this listing document. Our insurance may not fully indemnify us for all potential losses, damages or liabilities related to our properties. This is because in the jurisdictions in which we operate, there are certain exposures which are excluded under some of our insurance programmes or for which insurance is not available on what we consider to be reasonable commercial terms. Such exposures include potential losses which might arise as a result of war, terrorism, pollution, fraud, professional negligence and acts of God. Our insurers may become impaired and find themselves financially unable to meet claims. As a result of large losses sustained by the international insurance market, insurers may exclude certain risks when we renew our insurance programmes. Where insurance is taken out in relation to properties which are owned by jointly controlled entities, we cannot guarantee that such properties are insured in accordance with the same standards which we apply when taking out insurance in respect of our own properties. If we suffer from any losses, damage or liabilities in the course of our operations arising from events for which we do not have any or adequate insurance cover, we may not have sufficient funds to cover any such losses, damages or liabilities or to replace any property that has been destroyed. The occurrence of any of the above events and the resulting payment we make to cover any losses, damages or liabilities may have a material adverse effect on our business, results of operations and financial position.

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**A deterioration in the value of our brand or the loss of the right to use the Swire trademarks could have a negative impact on our business.**

We rely to a significant extent on the brand image of the Group and the presence of our major tenants to attract potential tenants to our investment properties and buyers for our trading properties. Any negative publicity concerning us or our properties or to a lesser extent, our major tenants could adversely affect our reputation and business prospects. In addition, our brand may be misused by third parties and we may have to incur expenses in protecting our brand. Demand for our properties could diminish significantly if the quality of our brand is not preserved.

We have a non-exclusive right to use the Swire trademark and certain other trademarks of the JSS Group pursuant to the Trademark Agreements. The parties to the Services Agreement have agreed under the Services Agreement that the Trademark Agreements will not be terminated except for cause (or if the relevant licensee under any Trademark Agreement ceases to be a member of the Swire group) for as long as the Services Agreement is in force. We consider it highly unlikely that the Services Agreement and the Trademark Agreements will be terminated. However, in the event that the Trademark Agreements are terminated, we may lose the right to use the Swire trademarks and our business may be adversely affected as a result. We understand that those trademarks are used by members of the JSS Group, members of the Retained Group and their respective associates from time to time. The quality of their services and businesses in relation to the way in which those trademarks are used may also have an impact on the value of those trademarks and on our reputation and operations.

Any unauthorised use of our brands, trademarks and other intellectual property rights could harm our competitive advantages and business. Monitoring and preventing unauthorised use is difficult. The measures we take to protect our intellectual property rights may not be adequate. If our brand trademarks and other intellectual property rights are not adequately protected, we may lose these rights and our business may suffer materially.

**Our hotel business may not be able to replicate our success in property development and management.**

We have less experience in the hotel business than in the property development business. We have developed and are developing high quality hotels which we operate or intend to operate. We may face considerable reputational and financial risks if the hotels do not meet the expectations of hotel visitors. In addition, we cannot assure you that there will be sufficient demand for our hotels. We rely on third parties to manage some of our hotels. While we have not come across any material issues in relation to the management of those hotels, we may not always be in a position to identify or resolve any issues that may arise in relation to those hotels. If we fail in our hotel business, it may have an adverse effect on our brand, overall business, results of operations and financial position.

**Our success depends on the continued services of our senior management team.**

Our success depends on the continued services provided by our executive Directors and our senior management team. Competition for talented employees is intense in the property market. If members of our core management team leave the Group and we fail to find suitable replacements, our business could be adversely affected. In addition, as we grow and expand into regional markets in the PRC, we will need to employ, train and retain employees on a larger scale. If we cannot attract, train and retain suitable staff, our business and future growth will be materially and adversely affected.

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**The Controlling Shareholders have substantial control over the Company and their interests may not be aligned with the interests of the other Shareholders.**

Prior to and immediately following the completion of the Spin-off, the Controlling Shareholders will remain the controlling shareholders of the Company with substantial control over its issued share capital. Subject to the Memorandum and Articles of Association of the Company and the Companies Ordinance, Swire Pacific, by virtue of its controlling beneficial ownership of the share capital of the Company, and JSS, by virtue of its interests in us, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meetings of our Shareholders and at our Board meetings, including:

- election of Directors;
- selection of senior management;
- amount and timing of dividend payments and other distributions;
- acquisition of or merger with other entities;
- overall strategic and investment decisions;
- issuance of securities and adjustments to our capital structure; and
- amendments to the Articles of Association.

The interests of the Controlling Shareholders may differ from the interests of other Shareholders and they are free to exercise their votes according to their interests. To the extent the interests of the Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

**We may be involved in disputes and legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result.**

We may be involved in disputes arising out of the development, leasing or sale of our properties with contractors, suppliers, construction workers, tenants, residents, residents of surrounding areas, joint venture partners, purchasers or other parties. These disputes may lead to protests, legal or other proceedings and may damage our reputation and divert our resources and management's attention. Significant costs may have to be incurred in defending ourselves in such proceedings. If we are not successful in defending ourselves in such proceedings, we may be liable for damages, the amount of which may be significant. In addition, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings or unfavourable decrees that may result in liabilities and cause delays to our property developments. We may also be involved in disputes or legal proceedings in relation to delays in the completion and delivery of our projects. Any of the above could have a material adverse effect on our business, results of operations and financial position.

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Further, the Group has endeavoured to structure its business in a tax efficient manner. If any of its arrangements is successfully challenged by the relevant tax authorities, we may incur additional tax liabilities, which could adversely affect our results of operations or financial condition.

For information on tax-related contingent liabilities which may arise in relation to notices of assessment issued by the Hong Kong Inland Revenue Department in a total amount of HK\$492 million and the related estimated interest in a total amount of HK\$224 million as at 30th June 2011, please refer to the section headed “Financial Information — Indebtedness, Contingent Liabilities and Net Current Liabilities — Contingent Liabilities” in this listing document and Note 40(d) to the Accountant’s Report set out in Appendix I to this listing document.

In addition, our operations in the United States may from time to time be subject to higher litigation risks than our operations in other jurisdictions.

### **We may face significant risks before realising any benefits from property development.**

Our primary business is the development of properties for investment. Property development typically requires substantial capital outlay during the land acquisition and construction phases and may take a number of years before positive cashflows may be generated from a completed property development. Depending on the size of the development, the time span for completing a property development usually lasts for a number of years. Consequently, changes in the business environment during the length of the project may affect the revenue and cost of the development, which in turn may affect the profitability of the project. Factors that may affect the profitability of a project include the risk that the receipt of government approvals may take more time than expected, the failure to complete construction according to original specifications, schedule or budget, and poor leasing markets for the properties. The revenue generated by and value of a property development project may be adversely affected by a number of factors, including but not limited to, the international, regional and local economic climate, local real estate conditions, perceptions of tenants, retailers or shoppers as to the convenience and attractiveness of the projects, competition from other available properties, changes in market rates for comparable leases and increased business and operating costs. If any of the property development risks described above materialises, our returns on investments may be lower than originally expected and our business, financial condition, results of operations and prospects will be materially and adversely affected.

### **We may not be able to generate adequate returns on our properties held for long-term investment purposes.**

The completed property developments held by us are generally intended to be held for long-term investment. Property investment is subject to varying degrees of risks. The investment returns available from real estate depend, to a large extent, on the amount of capital appreciation generated, income earned from the rental of the relevant properties as well as the expenses incurred. Maximising yields from properties held for long-term investment also depends to a large extent on active ongoing management and maintenance of the properties. The ability to dispose of investment properties eventually will also depend on market conditions and levels of liquidity, which may be limited or subject to significant fluctuation in the case of certain types of commercial properties. The revenue derived from completed investment properties and the value of property investments may be adversely affected by a number of factors, including but not limited to changes in rental levels at comparable properties, the inability to collect rent due to bankruptcy or insolvency of tenants and the costs

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resulting from periodic maintenance, repair and re-letting. If our property investment business is unable to generate adequate returns, our business, financial condition, results of operations and prospects may be adversely affected.

**We are subject to legal and business risks if we fail to obtain formal qualification certificates.**

In accordance with the Regulations on Administration of Urban Real Estate Development 《城市房地產開發經營管理條例》 promulgated by the State Council of the PRC in July 1998 (the “**Development Regulations**”) and the Provisions on Administration of Qualifications of Real Estate Developers 《房地產開發企業資質管理規定》 (“**Provisions on Administration of Qualifications**”) promulgated by the Ministry of Construction in March 2000, property developers in the PRC are required to obtain the relevant class of qualification certificates for the development of certain types of properties and certain sizes of property developments. The Development Regulations provide that when a property developer engages in the development and sale of real estate without any qualification certificates or beyond its qualification, it must rectify the default within the time limit set by the real estate development authorities under the local government on or above the county level. A fine ranging from RMB50,000 to RMB100,000 will also be imposed. If the property developer fails to rectify the default within the time limit, its business licence may be revoked by the Administration for Industry and Commerce. All official qualification certificates of property developers are verified on an annual basis. The property developer’s registered capital, property development investments, history of property development, quality of property construction, management expertise or any illegalities on the part of the developer will be taken into account by the local authorities in deciding whether to approve or renew qualification certificates of the property developers and whether to approve the annual verification of the qualification certificates. Should we fail to obtain or renew or pass the annual verification of the requisite qualification certificates or rectify any default, we may not be able to carry on all or part of our business. If any of our project companies is unable to obtain or renew or pass the annual verification of the qualification certificates, that project company may not be permitted to continue to engage in real estate development or to conduct any pre-sales for that development. This may have a material adverse effect on our business, financial condition, results of operations and prospects.

**Our business, results of operations, financial condition and prospects may be adversely affected if we fail to obtain, or if there are material delays in obtaining, requisite governmental approvals for our property developments.**

The real estate industry in the PRC is heavily regulated by the PRC government. PRC real estate developers must comply with various requirements mandated by applicable laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In order to undertake and complete a property development, a property developer must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, including but not limited to land use rights documents, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. We cannot be sure that we will not encounter problems in obtaining such government approvals or in fulfilling the conditions required for obtaining the approvals, or that we will be able to comply with new laws, regulations or policies that may come into effect from time to time with respect to the real estate industry in general or the particular processes with respect to



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the granting of approvals. If we fail to obtain the relevant approvals or to fulfill the conditions of those approvals for our property developments, these developments may not proceed on schedule, and our business, financial condition, results of operations and prospects may be adversely affected.

**We are subject to certain conventional restrictive covenants and certain risks normally associated with debt financing which may limit or otherwise adversely affect our operations.**

We are subject to certain conventional restrictive covenants under the terms of our borrowings, which may restrict or otherwise adversely affect our operations. Failure by us to meet payment obligations or to comply with any affirmative covenant or any financial ratio or violation of any restrictive covenant may constitute an event of default under the terms of our borrowings. If an event of default occurs, our lenders would be entitled to accelerate payment of all or any part of the outstanding indebtedness. If any of these events of default were to occur, our financial condition, results of operations, cash flow and cash available for distributions to Shareholders may be materially and adversely affected.

**Fluctuation in exchange rates may have a material adverse effect on our business.**

The exchange rates between Renminbi and the HK dollar, the US dollar and other foreign currencies are affected by, among other things, changes in political and economic conditions of the relevant countries. In July 2005, the PRC government changed its policy of pegging the value of the Renminbi to the US dollar. This change in policy has resulted in the value of the Renminbi appreciating against the HK dollar, the US dollar and certain other foreign currencies. Recently, the PRC government has been facing pressure from foreign countries to adopt a more flexible currency system, which may lead to further appreciation of the Renminbi. The Renminbi may be revalued further against the US dollar or other currencies or may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the Renminbi against the US dollar or other currencies. It is uncertain if the exchange rates of HK and US dollars against Renminbi will further fluctuate. On the other hand, if the value of the Renminbi depreciates against the HK dollar, US dollar or other foreign currencies and such depreciation is significant, this may have a material adverse effect on our operations and financial position and our ability to service any of our foreign currency obligations, if any.

**Our indebtedness could have an adverse effect on our financial condition, diminish our ability to raise additional capital to fund our operations and limit our ability to explore business opportunities. We had net current liabilities during the Track Record Period.**

We maintain a certain level of indebtedness to finance our operations. As at 31st October 2011, our total outstanding borrowings amounted to HK\$27,736 million. Our indebtedness could have an adverse effect on us, for example by:

- requiring us to dedicate a large portion of our cash flow from operations to fund repayments of our debt, thereby reducing the availability of our cash flow to expand our business;
- increasing our vulnerability to adverse general economic or industry conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate;

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- limiting our ability to raise additional debt or equity capital in the future or increasing the cost of such funding;
- restricting us from making strategic acquisitions or taking advantage of business opportunities; and
- making it more difficult for us to satisfy our obligations with respect to our debt.

In addition, as our indebtedness will require us to maintain an adequate level of cash flow from operations to satisfy our debt obligations as they become due, any decrease in our cash flow from operations in the future may have a material and adverse effect on our financial condition.

Our net current liabilities were HK\$35,120 million, HK\$31,699 million, HK\$6,971 million and HK\$5,028 million, respectively, as at 31st December 2008, 2009 and 2010 and 30th June 2011. We had net current liabilities during the Track Record Period mainly due to our borrowings from Swire Pacific and Swire Finance being, prior to the entry into the Inter-group Loan Agreements on 31st March 2010, treated as current liabilities and part of our borrowings from Swire Finance remaining, after the entry into the Inter-group Loan Agreements, repayable within one year. Our net current liabilities were HK\$4,680 million as at 31st October 2011. Part of our current liabilities to Swire Finance in respect of our borrowings from it were reclassified as long-term loans in 2010 because, as a result of the entry into the Inter-group Loan Agreements, that part of our current liabilities became repayable after more than one year.

### **Our future dividend payments and policy will be subject to the discretion of the Board.**

The amount of any dividends that the Company may declare and pay in the future will be subject to the discretion of the Board and will be based upon our earnings, cash flow, financial condition, capital requirements, distributable reserves and any other conditions that the Directors deem relevant. The payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter into from time to time. The amounts of distributions that any company within our Group or Swire Pacific has declared and made in the past are not indicative of the dividends that the Company may pay in the future.

### **RISKS RELATING TO THE REAL ESTATE AND HOTEL INDUSTRIES**

#### **We face competition in Hong Kong and the PRC that could adversely affect our business and financial position.**

There are a large number of property developers in Hong Kong. In recent years, a large number of property developers have begun to undertake property development and investment projects in the PRC. In addition, a number of regional and international developers have expanded their operations into the PRC. Many of these developers, both private and state-owned, have significant financial, managerial, marketing and other resources, as well as experience in property and land development. Local PRC property developers are improving in quality and expanding in terms of scale and variety of product. Competition between property developers is intense and may result in, among other things, increased costs of acquiring land for development, oversupply of properties in certain parts of the PRC, a decrease in property prices, a slowdown in the rate at which new property developments will be approved and/or reviewed by the relevant government authorities, an increase in construction costs and difficulty in obtaining high quality contractors and qualified employees. Any such consequences

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may adversely affect our business, results of operations and financial position. In addition, the real estate market in the PRC is rapidly changing. If we cannot respond to changes in market conditions more swiftly or effectively than our competitors do, our ability to generate revenue, financial condition and results of operations will be adversely affected.

**The PRC property industry is susceptible to the macroeconomic policies and austerity measures of the PRC government.**

The PRC government has exercised and continues to exercise significant influence over the PRC's economy in general, which, among others, affects the property industry in the PRC. From time to time, the PRC government adjusts its monetary and economic policies to prevent and curtail the overheating of the national and provincial economies, which may affect the real estate markets that we operate in. Any action by the PRC government concerning the economy or the real estate industry in particular could have a material adverse effect on our financial condition and results of operations.

In January 2010, the State Council of the PRC issued the Circular on Promoting the Stable and Healthy Development of the Real Estate Market《國務院辦公廳關於促進房地產市場平穩健康發展的通知》which requires the regulation and control of the rapid growth of housing prices by means including but not limited to increasing the supply of medium or low price houses of medium or small size, the supply of land for housing building and adjusting housing loans policy and taxation.

The PRC Ministry of Land and Resources issued the Circular on Certain Issues Concerning Strengthening Land Supply and Supervision for Real Estate《國土資源部關於加強房地產用地供應和監管有關問題的通知》on 8th March 2010 which, among other things, requires not less than 70% of residential land supply to be reserved for affordable housing, reconstruction of shed areas, and small-medium size houses for self-use. In addition, developers are required to make a 50% down payment of the land premium within one month from the date of the land grant contract, and to make the rest of the payment within a year. Further, developers must file regular reports with relevant authorities to enable close monitoring of development progress.

Pursuant to the Circular on Strengthening the Supervision of Trust Companies' Real Estate Business《關於加強信托公司房地產信托業務監管有關問題的通知》promulgated on 11th February 2010, trust companies may not offer loans for land acquisition or early stage land development and can only grant loans to eligible property developers which satisfy specific requirements set out in the circular and other relevant rules.

On 26th January 2011, the State Council of the PRC issued the Notice on Further Improvement of the Regulation and Control of the Real Estate Market《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》, pursuant to which the qualification certificates and the sources of capital of real estate enterprises will be reviewed. If a real estate development enterprise fails to obtain a construction permit two years after land is acquired, the land will be confiscated and fines will be imposed.

PBOC has made a number of adjustments to the deposit reserve ratio for commercial banks in recent years. Since January 2010, the deposit reserve ratio for large-scale financial institutions has been increased twelve times to 21.5% (as announced by PBOC on 11th June 2011). The deposit reserve refers to the amount of funds that financial institutions must hold in reserve against deposits made by their customers. Increases in the deposit reserve ratio may negatively impact the amount of funds available for lending by financial institutions in the PRC to businesses, including us, and their terms.

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The central and local governmental authorities may continue to adjust interest rates or other economic policies or impose other regulations or restrictions that may have an adverse effect on the property market in the PRC, which may adversely affect our business.

The PRC government's restrictive measures could limit our access to capital resources, reduce market demand and increase our operating costs. The PRC government may adopt additional and more stringent measures in the future, which could further slow the development of the construction and property development industries and materially and adversely affect our business and results of operations. In particular, any additional or more stringent measures imposed by the PRC government in the future to curb high quality property projects may materially and adversely affect our business and results of operations.

**The PRC government has implemented restrictions on the ability of PRC property developers to obtain offshore financing which could affect our ability to deploy funds raised for our business in the PRC.**

In July 2007, the General Affairs Department of the SAFE issued the Notice Regarding the Publication of the List of the First Batch of Property Development Projects with Foreign Investment that Have Properly Registered with the Ministry of Commerce 《關於下發第一批通過商務部備案的外商投資房地產項目名單的通知》. The notice stipulates, amongst other things, (i) that branches of SAFE will no longer process foreign debt registrations or approvals for settlement of foreign exchange submitted by real estate enterprises with foreign investment who obtain approval certificates from commercial authorities and register with the MOC on or after 1st June 2007, and (ii) that branches of SAFE will no longer process foreign exchange registrations (or change of such registrations) or settlement and sale of foreign exchange in the capital account submitted by real estate enterprises with foreign investment who obtain approval certificates from commercial authorities on or after 1st June 2007 but fail to file with the MOC. This regulation restricts the ability of our PRC subsidiaries which are foreign-invested real estate companies to raise funds offshore for the purpose of injecting such funds into the companies by way of shareholder loans. Our PRC legal adviser has advised us that we can remit funds to our PRC subsidiaries by way of capital contributions according to the relevant PRC laws and regulations in relation to foreign investment and foreign exchange. We cannot assure you that the PRC government will not introduce new policies that further restrict our ability to deploy our funds in the PRC.

**The hotel industry is cyclical and macroeconomic and other factors beyond our control can have a material adverse effect on demand for our hospitality product and services.**

We own and operate hotels in Hong Kong, the PRC, the U.K. and the U.S.. As a result, the results of operations of our hotel business depend, to a large extent, on the performance of those economies and their real estate market conditions. Historically, the hotel industry has been cyclical and affected by, amongst other factors, supply of and demand for comparable properties, the rate of economic growth, interest rates, inflation, and political and economic developments. There can be no assurance that the economies of the territories in which we operate will improve or that hotel property values and rates will not decline or that interest rates will not rise in the future. An economic decline generally, or a decline in hotel industry conditions, could have an adverse effect on our hotel business and therefore on our results of operations and financial condition.

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### **Failure to comply with our environmental responsibilities may adversely affect our operations and profitability.**

We are subject to extensive and increasingly stringent environmental protection laws, regulations and decrees that impose fines for violation of such laws, regulations or decrees and provide for the shutdown by governmental authorities of any construction sites not in compliance with governmental orders requiring the cessation or cure of certain activities causing environmental damage. In addition, there is a growing awareness of environmental issues and we may sometimes be expected to meet a standard which is higher than the requirement under the prevailing environmental laws and regulations. We have adopted environmental protection measures, including conducting environmental assessments on our property construction projects, hiring construction contractors who have good environmental protection and safety track records and requiring them to comply with the relevant laws and regulations on environmental protection and safety. We require them to use construction materials and construction methods that meet the requirements of such laws and regulations, undertake final clean up of the construction site and manage the quality of residual soil. However, these measures may still not be sufficient. In addition, there is no assurance that more stringent environmental protection requirements will not be imposed by relevant governmental authorities in the future. If we fail to comply with existing or future environmental laws and regulations or fail to meet public expectations in relation to environmental matters, our reputation may be damaged or we may be required to pay penalties or fines or take remedial actions, any of which could have a material adverse effect on our business, results of operations and financial position.

We own properties and may purchase additional properties located in the U.S.. These properties are subject to U.S. laws and regulations governing environmental liabilities. These laws could change over time and result in additional costs for development and operating compliance. Under various U.S. environmental laws, a current or previous owner or operator of real property may be liable for the cost of removing or remediating hazardous or toxic substances on such property and responsible for the presence of such hazardous substances. Environmental laws also may impose restrictions on how we operate our businesses. A property owner who violates environmental laws may be subject to sanctions that may be enforced by governmental agencies, or in certain circumstances, by private parties. In connection with the acquisition and ownership of our properties, we may be exposed to such costs. The costs of defending ourselves against environmental claims, of compliance with environmental regulatory requirements or of remediating any contaminated property could materially adversely affect our business, assets or results of operations and, consequently, amounts available for distribution to our shareholders.

### **RISKS RELATING TO THE PRC AND HONG KONG**

#### **Changes in PRC and Hong Kong political and economic policies and conditions could adversely affect our business and prospects.**

Hong Kong and the PRC have been, and will continue to be, our primary operating base and currently most of our assets are located in Hong Kong and the PRC. While the PRC government has been pursuing economic reforms to transform its economy from a planned economy to a market economy since 1978, a substantial part of the PRC economy is still being operated under various controls of the government. By imposing industrial policies and other economic measures, such as control of foreign exchange, taxation and foreign investment, the PRC government exerts considerable direct and indirect influence on the development of the PRC economy. Many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined

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and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining and adjustment process may not necessarily have a positive effect on our operations and business development. For example, the PRC government has in the past implemented a number of measures intended to slow down certain segments of the economy, including the real estate industry, that the government believed to be overheating, such as raising benchmark interest rates of commercial banks, reducing currency supply and placing additional limitations on the ability of commercial banks to make loans by raising bank reserves against deposits. In particular any restrictions on PRC visitors visiting Hong Kong or any reduction in taxation on luxury goods in the PRC could adversely affect our business in Hong Kong. Our business prospects and results of operations may be materially and adversely affected by changes in the PRC economic and social conditions and by changes in the rates or method of taxation and the imposition of additional restrictions on currency conversion.

**We may in the future rely principally on dividends paid by our subsidiaries, jointly controlled companies and associated companies to fund our cash and financing requirements. Any limitation on the ability of our subsidiaries, jointly controlled companies and associated companies to pay dividends to us could have a material adverse effect on our ability to conduct our business.**

The Company is a holding company and relies on dividends paid by its subsidiaries, jointly controlled companies and associated companies for cash requirements, including the funds necessary to service any debt we may incur. If any of our subsidiaries, jointly controlled companies and associated companies incurs debt in its own name in the future, the instruments governing the debt may restrict dividends or other distributions on its equity interest to us. Furthermore, applicable laws, rules and regulations permit payment of dividends by our consolidated entities only out of their retained earnings, if any, determined in accordance with applicable laws and accounting standards. Our PRC subsidiaries are required to set aside a certain percentage of their after-tax profit based on the PRC accounting standards each year for their reserve fund in accordance with the requirements of relevant laws and provisions in their respective articles of association. As a result, all of our PRC entities are restricted in their ability to transfer a portion of their net income to us. Such restricted reserves are not distributable as cash dividends. Any limitation on the ability of our subsidiaries, jointly controlled companies or associated companies to pay dividends to us could materially and adversely limit our ability to grow, pay dividends or otherwise fund and conduct our business.

**We may be deemed a PRC resident enterprise under the EIT Law and may be subject to PRC taxation on our worldwide income. Dividends payable by us to our foreign investors and gains on any transfer of Shares may become subject to withholding taxes under current PRC tax laws.**

The EIT Law and the implementation regulations to the EIT Law issued by the PRC State Council became effective on 1st January 2008. Under the EIT Law, enterprises established outside of the PRC whose “de facto management bodies” are located in the PRC are considered “resident enterprises” and will generally be subject to the uniform 25% enterprise income tax rate as to their global income. In addition, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are “non-resident enterprises” (that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) to the extent such dividends have their source within the PRC although such income tax may be exempted or reduced by the State Council of the PRC or pursuant to a tax treaty between the PRC and the jurisdictions in which such investors reside. Similarly, any gain realised on the transfer of Shares by such investors is also subject to 10% PRC income tax if such

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gain is regarded as income derived from sources within the PRC. Under the Implementation Regulations of the PRC Enterprise Income Tax Law 《中華人民共和國企業所得稅法實施條例》 the term “de facto management body” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. We believe our “de facto management body” is not based in the PRC, and therefore we should not be deemed a PRC resident enterprise for enterprise income tax purposes. However, we cannot assure you that the PRC authorities will not amend the relevant rules to the effect that such rules will apply to us in the future. Should this occur, we may be treated as a PRC resident enterprise for enterprise income tax purposes and our business, results of operations and financial condition could be materially and adversely affected.

**Our operations are subject to the uncertainties of the PRC legal system and its laws and regulations, which could have a negative impact on our business.**

Our core business is conducted in Hong Kong and the PRC and our most significant operations are located in Hong Kong and the PRC. Our business in the PRC is growing and its contribution to our turnover and profit is expected to grow. Our business in the PRC is subject to PRC laws and regulations applicable to foreign investment in the PRC. The PRC legal system is a civil law system based on written statutes. Unlike in the common law system, prior cases have limited precedential value in deciding subsequent cases in the civil law legal system. Additionally, PRC written statutes are often principle oriented and require detailed interpretations by the enforcement bodies for their application and enforcement. When the PRC government started its economic reforms in 1978, it began to build a comprehensive system of laws and regulations to regulate business practices and the overall economic order of the country. The PRC has made significant progress in the promulgation of laws and regulations dealing with business and commercial affairs of various participants of the economy, involving foreign investment, corporate organisation and governance, commercial transactions, taxation and trade. However, the promulgation of new laws, changes in existing laws and abrogation of local regulations by national laws may have a negative impact on our business and prospects. Additionally, given the involvement of different enforcement bodies of the relevant rules and regulations and the non-binding nature of prior court decisions and administrative rulings, the interpretation and enforcement of PRC laws and regulations involve significant uncertainties under the current legal environment.

**Restrictions on currency exchange may limit our ability to utilise our revenue effectively.**

The PRC government imposes controls on the convertibility between Renminbi and foreign currencies and the remittance of foreign exchange out of the PRC. All of our revenue in the PRC is in Renminbi. Our PRC subsidiaries and jointly controlled entities must convert their Renminbi earnings into foreign currency before they may pay cash dividends to us or service their foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items may be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements.

However, approval from appropriate PRC governmental authorities is required when Renminbi is converted into foreign currencies and remitted out of the PRC for capital account transactions, such as the repatriation of equity investment in the PRC and the repayment of the principal of loans denominated in foreign currencies. Such restrictions on foreign exchange transactions under capital accounts also affect our ability to finance our PRC business. In addition, our transfer of funds to our PRC subsidiaries and jointly controlled entities is subject to approval by PRC governmental

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authorities in the case of an increase in registered capital, and subject to approval by and registration with PRC governmental authorities in case of shareholder loans to the extent that the existing foreign investment approvals received by our PRC subsidiaries and jointly controlled entities permit any such shareholder loans at all. These limitations on the flow of funds between us and our PRC subsidiaries and jointly controlled entities could restrict our ability to act in response to changing market conditions.

**Our prospects may be adversely affected by a recurrence of SARS or an outbreak of other epidemics, such as influenza A (H1N1) and avian flu (H5N1), and natural disasters.**

Any recurrence of Severe Acute Respiratory Syndrome (SARS) or an outbreak of any other epidemic in the places where we operate, such as influenza A (H1N1) and avian flu (H5N1), may result in material disruptions to our and our tenants' businesses.

Natural disasters or other catastrophic events, such as earthquakes, floods or severe weather conditions affecting the regions where we operate could, depending upon their magnitude, significantly disrupt our business operations or cause a material economic downturn in the affected area, which in turn could materially and adversely affect our business, results of operations and financial condition.

### **RISKS RELATING TO THE SPIN-OFF**

**There is no existing public market for the Shares and their liquidity and market price may fluctuate.**

Prior to completion of the Spin-off, there was no public market for the Shares. The Company has applied for the listing of, and permission to deal in, the Shares on the Stock Exchange. The Listing, however, does not guarantee that an active trading market for the Shares will develop or, if it does develop, that it will be sustained following completion of the Spin-off or that the market price of the Shares will not fluctuate following completion of the Spin-off. In addition, we cannot assure you that the Listing will result in the development of an active and liquid public trading market for the Shares. Furthermore, the price and trading volume of the Shares may be volatile. Factors such as the following may affect the volume and price at which the Shares will trade:

- actual or anticipated fluctuations in our results of operations;
- announcements of new projects or land acquisitions by us or our competitors;
- reduction or restriction of financing for the property industry;
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;



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- general economic, market or regulatory conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of lock-up or other transfer restrictions on the outstanding Shares or sales or perceived sales of additional Shares by the Company, the Controlling Shareholders or other Shareholders.

You should note that the stock prices of companies in the property industry have experienced wide fluctuations. Such wide market fluctuations may adversely affect the market price of the Shares. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially adversely affect the market price of the Shares.

### **Shareholders' interests in the Company's share capital may be diluted in the future.**

In order to expand our business, we may consider offering and issuing additional Shares or equity-linked securities in the future, which may result in a dilution in our net tangible book value or earnings per Share. The Board has been granted an unconditional general mandate to issue Shares with an aggregate nominal value of not more than 20% of the aggregate nominal value of the ordinary share capital immediately following the Spin-off as described in the section headed "Share Capital" in this listing document. We do not have any plan to offer additional Shares or equity-linked securities.

### **Forward-looking information may prove inaccurate.**

This listing document contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this listing document, the words "anticipate", "believe", "expect", "intends", "plans", "prospects", "going forward" and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this listing document. Should one or more of these risks or uncertainties materialise, or should any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this listing document. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange.

### **We cannot guarantee the accuracy of certain facts and statistics contained in this listing document.**

Certain facts and statistics in this listing document, including those relating to Hong Kong, the PRC, the U.S. and the U.K., their respective economies and their respective real estate industries have been derived from various official government and other publications generally believed to be reliable. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The

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information has not been independently verified by us, the Joint Sponsors, any of our or their respective directors, officers or representatives or any other person involved in the Spin-off and no representation is given as to its accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts and statistics in this listing document may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy (as the case may be) in other jurisdictions. Therefore, you should not unduly rely upon the facts and statistics contained in this listing document.

**We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Spin-off.**

Prior to the publication of this listing document, there has been press and media coverage regarding us and the Spin-off. Such press and media coverage included certain project development and operational information, financial information, financial projections, valuations and other information about us that are not contained in this listing document. There may continue to be additional press and media coverage on us and the Spin-off. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this listing document is inconsistent or conflicts with the information contained in this listing document, we disclaim it, and accordingly you should not rely on any such information.

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## WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

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In preparation for the Listing, the Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

### **PUBLIC FLOAT**

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the issuer's total issued share capital must at all times be held by the public. The Company has applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange has confirmed that it will exercise, its discretion under the Listing Rules to allow a lower public float percentage of 10% (or such higher percentage as may be held by the public upon completion of the Spin-off) for the Company. The above exercise of discretion is subject to the condition that the Company complies with the disclosure requirements of Rule 8.08(1)(d) of the Listing Rules. The Company will make appropriate disclosure of the lower prescribed percentage of public float and confirm sufficiency of the public float in its successive annual reports after the Listing. In addition, the Company will, with a view to ensuring compliance with its obligations under the Listing Rules in relation to the minimum number of Shares which must be in public hands, (i) monitor its register of members, relevant disclosures made under Part XV of the SFO and other relevant sources of information available to it and (ii) (if at any time it becomes aware that the number of Shares which are in public hands is less than such minimum number) take such steps as are legally available to it to restore the number of Shares in public hands to the minimum required by the Listing Rules.

The directors of the Company or any other member of the Group and their associates who are also Qualifying Swire Pacific Shareholders but are not Overseas Swire Pacific Shareholders will receive Shares pursuant to the Swire Pacific Distribution. Any Shares held by such directors and their associates will not be regarded to be held in public hands as such directors and their associates are connected persons of the Company. The distribution of Shares to such directors and their associates under the Swire Pacific Distribution will not affect the ability of the Company to satisfy the minimum public float percentage of 10% (or such higher percentage as may be held by the public upon completion of the Spin-off).

As at the Latest Practicable Date, Aberdeen Asset Management Plc ("AAM") held an approximately 10% interest in Swire Pacific and was expected to hold an approximately 1.8% interest in the Company upon completion of the Spin-off. While AAM is a substantial shareholder of Swire Pacific and therefore a connected person of Swire Pacific, it is not a connected person of the Company. As AAM is not entitled to exercise or control the exercise of the voting power of Swire Pacific at the Company's general meetings, AAM's voting power at the Company's general meetings will be limited to its direct shareholding in the Company and will not include its attributable interest in Swire Pacific's voting power. We are not aware of AAM's interest in the Company and Swire Pacific having been financed directly or indirectly by a connected person of the Company or of AAM's being accustomed to taking instructions from a connected person of the Company in relation to the acquisition, disposal, voting or other disposition of Shares.

Given the foregoing, any Shares held by AAM will be regarded as being held in public hands and any Shares received by AAM under the Swire Pacific Distribution will not affect the ability of the Company to satisfy the minimum public float percentage of 10% (or such higher percentage as may be held by the public upon completion of the Spin-off).

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## WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

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### AMALGAMATION PROPERTIES

The Company has applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from the strict compliance with Rules 5.01, 5.06, 5.08 and paragraph 3(a) of Practice Note 16 of the Listing Rules in respect of the valuation and disclosure of Amalgamation Properties.

Details of individual properties comprising Amalgamation Properties are highly confidential and commercially sensitive. Any disclosure of the details of Amalgamation Properties, in particular their location and our interest in them, would be likely to make it impossible for the Company to complete the site amalgamations on commercially viable terms, if at all, and would thereby render the Company's acquisitions of Amalgamation Properties futile. Amalgamation Properties are generally older and of lower quality than other assets in the Company's investment property portfolio, generate a low level of rental income, if any, and, without the prospect of successful amalgamation, would not fit the Company's investment criteria. In practice therefore, if details of Amalgamation Properties are disclosed, the Company would have to dispose of the properties, potentially realising a loss. The loss of these potentially attractive investment opportunities and the potential realised losses from the disclosure will result in a serious economic disadvantage to the Company. Accordingly the Directors have confirmed that any disclosure of the details of Amalgamation Properties will be seriously detrimental to the interests of the Shareholders.

Given the importance of keeping the details of Amalgamation Properties confidential, the Company takes special care and puts in place measures to ensure that the identity of individual properties comprising Amalgamation Properties is kept highly confidential even within the Company. The Company has sought to ensure that other than the three executive Directors referred to below, only the four teams in the development and acquisition department of the Company who are responsible for the acquisitions of the individual properties, and certain senior managers (being senior management responsible for the residential portfolio and senior managers in the finance department of the Company who are responsible for the payment for the acquisitions), are aware of the identity of individual properties comprising Amalgamation Properties. The information is further segregated among the four acquisition teams to minimise the risk of disclosure. Attendance at acquisition meetings is limited to three executive Directors ((i) the Chief Executive, (ii) the Director, Finance and Human Resources and (iii) the Chief Operating Officer) of the Company with the acquisition teams reporting to the Directors separately.

Amalgamation Properties are not valued by any independent valuer for the purpose of the audited consolidated financial statements of the Company and those of Swire Pacific (although they are valued by making reference to comparable sales transactions, being one of the methods applicable to investment properties in Hong Kong, described in the property valuation report from DTZ in Appendix III "Property Valuation" in this listing document). The Company believes that in the light of the importance of confidentiality and the extent of the measures adopted by the Company to preserve confidentiality even within the Company, it is inappropriate to make available the details of Amalgamation Properties to external property valuers, which would increase the risk of disclosure. Instead, Amalgamation Properties have been valued internally by qualified surveyors who are members of the Hong Kong Institute of Surveyors (MHKIS) and/or members of the Royal Institution of Chartered Surveyors (MRICS) (and accordingly are subject to the discipline of these professional bodies) (which is specifically allowed under paragraph 32 of HKAS 40), for confidentiality reasons.

Amalgamation Properties comprise only the properties acquired and held in confidence by the Company for the purpose of site amalgamation which have remained confidential to the market. It is to be noted that there will frequently be speculation that the Company is acquiring properties, and such

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## WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

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speculation may at times reference a building where the Group is assembling units, a broad geographic area where the Group holds undeveloped lots or a building in which the Group does not own any units or which is not in fact one that has been targeted by the Group. However, mere speculation, even if it correctly references a target building, needs to be distinguished from situations where the public has sufficient information for the property to be considered rightly as being an “open secret”, for example where the public has knowledge of the confirmed address of a property, whether the Company is still assembling units, the time-scale over which the Company is acting and the extent of the Company’s ownership interest in the relevant property. If the Company’s ownership of any Amalgamation Properties has ceased to be confidential on or before the Latest Practicable Date, those properties have been removed from the Amalgamation Properties portfolio and are treated in the same way as the other investment properties of the Company.

Amalgamation Properties, which were valued internally at HK\$5,403 million as at 30th September 2011, accounted for less than 2.5% of the Group’s total property portfolio as at that date. Accordingly, the Directors and the Joint Sponsors are of the view that Amalgamation Properties individually and in aggregate form an insignificant part of the Company’s property portfolio.

The Company has applied for the waiver in respect of Amalgamation Properties on the basis that the disclosure would be seriously detrimental to the interests of the Shareholders on account of the commercial sensitivity and is therefore inappropriate. The Directors consider that non-disclosure of the details of Amalgamation Properties would not prejudice the interest of the investing public. The Stock Exchange has agreed to grant the waiver on the conditions that (a) Amalgamation Properties will be valued internally by professionally qualified surveyors who are subject to the discipline of a professional body; (b) the following information be set out in this listing document: (i) the fact that the Company has acquired and is holding units in certain sites in Hong Kong which are undergoing site amalgamation; (ii) the measures put in place to preserve confidentiality of individual properties comprising Amalgamation Properties within the Company; (iii) the consolidated value of Amalgamation Properties as at 30th September 2011; and (iv) the professional qualification of the persons undertaking the valuation of Amalgamation Properties; (c) this listing document contains a statement that the Directors have confirmed that any disclosure of the details of Amalgamation Properties will be seriously detrimental to the interests of the Shareholders; (d) this listing document contains a statement by the Directors and the Joint Sponsors to the effect that in their opinion, as at 30th September 2011, the Amalgamation Properties are individually and in aggregate not material to the Group, together with the basis of such opinion; and (e) particulars of this waiver are set out in this listing document.

### CONTINUING CONNECTED TRANSACTIONS

The Company has applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, waivers in relation to certain continuing connected transactions between the Group and the Retained Group under Chapter 14A of the Listing Rules. For further details, please refer to the section headed “Connected Transactions” in this listing document.

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## **INFORMATION ABOUT THIS LISTING DOCUMENT AND THE SPIN-OFF**

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### **DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS LISTING DOCUMENT**

This listing document, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to us. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this listing document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this listing document misleading.

### **INFORMATION ON THE SPIN-OFF**

We have not authorised anyone to provide any information or to make any representation not contained in this listing document. You should not rely on any information or representation not contained in this listing document as having been authorised by us, the Joint Sponsors, or any of our or their respective directors, officers or representatives or any other person involved in the Spin-off. Neither the delivery of this listing document nor the distribution of Shares pursuant to the Swire Pacific Distribution should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this listing document or imply that the information contained in this listing document is correct as at any date subsequent to the date of this listing document.

### **RESTRICTIONS ON THE USE OF THIS LISTING DOCUMENT**

This listing document is published solely in connection with the Spin-off. It may not be used for any other purpose and, in particular, no person is authorised to use or reproduce this listing document or any part thereof in connection with any offering of Shares or other securities of the Company. Accordingly, this listing document does not constitute an offer or invitation in any jurisdiction to acquire, subscribe for or purchase any of the Shares or other securities of the Company nor is it calculated to invite any offer or invitation for any of the Shares or other securities of the Company.

### **APPLICATION FOR LISTING ON THE STOCK EXCHANGE**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue. No part of the share or loan capital of the Company is listed on or dealt in on any other stock exchange. At present, the Company is not seeking or proposing to seek such listing of, or permission to deal in, the share or loan capital of the Company on any other stock exchange.

### **ABOUT THE SPIN-OFF**

The Spin-off does not involve an offering of Shares or any other securities of the Company for purchase or subscription and no money will be raised in conjunction with the Spin-off.

### **CONDITION OF THE SPIN-OFF**

The Spin-off is conditional on the Listing Committee granting the listing of, and permission to deal in, the Shares in issue on the Main Board of the Stock Exchange on or prior to the Long Stop

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## **INFORMATION ABOUT THIS LISTING DOCUMENT AND THE SPIN-OFF**

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Date. If such condition is not satisfied, the Swire Pacific Distribution will not be made and the Spin-off will not take place, in which case an announcement will be made.

### **NO CHANGE IN BUSINESS**

No change in the business of the Company immediately following the Spin-off is contemplated.

### **HONG KONG REGISTER AND STAMP DUTY**

The Company's register of members is maintained by the Hong Kong Share Registrar in Hong Kong. All Shares will be registered on the Company's register of members maintained in Hong Kong.

Dealings in the Shares will be subject to Hong Kong stamp duty.

Unless the Company determines otherwise, dividends payable in Hong Kong dollars in respect of the Shares will be paid to the Shareholders listed on the Company's register of members, by way of cheque sent by ordinary post, at the Shareholder's risk, to the registered address of each Shareholder.

### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange and the Company's compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

You should consult your professional advisers if you are in any doubt as to the taxation implications of receiving, purchasing, holding, disposing of and dealing in the Shares. We emphasise that none of us, the Joint Sponsors, any of our or their respective directors, officers or representatives or any other person involved in the Spin-off accepts responsibility for any tax effects or liabilities resulting from the receipt of, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

### **COMMENCEMENT OF DEALINGS IN THE SHARES**

Dealings in the Shares on the Stock Exchange are expected to commence on 18th January 2012. The Shares will be traded in board lots of 200 Shares each. The stock code of the Shares is 1972.

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**DIRECTORS AND PARTIES INVOLVED IN THE SPIN-OFF**

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**DIRECTORS**

Name	Residential Address	Nationality
<i>Executive Directors</i>		
PRATT, Christopher Dale, CBE	25 Peak Road, Hong Kong	British
CUBBON, Martin	26 Severn Road, The Peak, Hong Kong	British
LOW, Mei Shuen Michelle	Flat A, 7th Floor, One Island Place, Island Place, 51 Tanner Road, Hong Kong	Chinese
BRADLEY, Guy Martin Coutts	Unit 2702, Ascott Raffles City Beijing, No. 1 Dongzhimen South Street, Dong Cheng District, Beijing 100007, China	British
HO, Cho Ying Davy	Flat 1, 6/F., Block B, Elm Tree Towers, 10 Chun Fai Road, Hong Kong	British
ONGLEY, Gordon James	Lot 1866 in DD326, 16D Shui Hau Village, Lantau Island, Hong Kong	British
<i>Non-executive Directors</i>		
HUGHES-HALLETT, James Wyndham John, SBS	Flat 5, 19 Pembridge Square, London W2 4EJ, United Kingdom	British
KILGOUR, Peter Alan	House 5, Helene Court, 14 Shouson Hill Road, Hong Kong	British
SWIRE, Merlin Bingham	50C Brunswick Gardens, London W8 4AN, United Kingdom	British
<i>Independent Non-executive Directors</i>		
BRADLEY, Stephen Edward	1st Floor, 9 Moon Street, Wanchai, Hong Kong	British
CHAN, Cho Chak John, GBS, JP	Flat A, 7th Floor, Glory Heights, 52 Lyttelton Road, Mid-levels, Hong Kong	Chinese
CHENG, Hoi Chuen, GBS, OBE, JP	House J, Bauhinia Garden, 42 Chung Hom Kok Road, Chung Hom Kok, Hong Kong	Chinese
ETCHELLS, Paul Kenneth	3A Sakura Court, 58-60 Kennedy Road, Hong Kong	British
LIU, Sing Cheong, JP	House 7 Severn Hill, 4 Severn Road, The Peak, Hong Kong	Chinese



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## DIRECTORS AND PARTIES INVOLVED IN THE SPIN-OFF

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### PARTIES INVOLVED IN THE SPIN-OFF

#### **Joint Sponsors**

*(in alphabetical order)*

BOCI Asia Limited  
26/F, Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

Goldman Sachs (Asia) L.L.C.  
68th Floor, Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

The Hongkong and Shanghai Banking  
Corporation Limited  
1 Queen's Road Central  
Hong Kong

Morgan Stanley Asia Limited  
Level 46, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

#### **Financial adviser to the Company and Swire Pacific**

Moelis & Company Asia Limited  
Suite 610 One Pacific Place  
88 Queensway  
Admiralty  
Hong Kong

#### **Legal adviser to the Company and Swire Pacific**

*as to Hong Kong law  
(other than as to title to properties and other  
property matters):*  
Slaughter and May  
47th Floor, Jardine House  
One Connaught Place  
Central  
Hong Kong

#### **Legal advisers to the Company**

*as to PRC law:*  
Jingtian & Gongcheng  
34/F, Tower 3, China Central Place  
77 Jianguo Road  
Chaoyang District  
Beijing 100025  
The People's Republic of China

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## DIRECTORS AND PARTIES INVOLVED IN THE SPIN-OFF

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*as to titles to Hong Kong properties and other Hong Kong and PRC property related matters:*

Mayer Brown JSM  
16-19/F, Prince's Building  
10 Chater Road  
Central  
Hong Kong

*as to U.S. law relating to property matters:*

Mayer Brown LLP  
71 S. Wacker Drive  
Chicago, IL 60606  
USA

*as to English law relating to property matters:*

Mayer Brown International LLP  
201 Bishopsgate  
London EC2M 3AF  
UK

### **Legal advisers to the Joint Sponsors**

*as to Hong Kong, English and U.S. laws:*

Freshfields Bruckhaus Deringer  
11th Floor, Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

*as to PRC law:*

King & Wood  
40th Floor, Tower A, Fortune Plaza  
7 Dongsanhuan Middle Road  
Chaoyang District  
Beijing 100020  
The People's Republic of China

### **Auditors and Reporting Accountant**

PricewaterhouseCoopers  
*Certified Public Accountants*  
22nd Floor, Prince's Building  
Central  
Hong Kong

### **Property valuers**

*As to all properties (other than Amalgamation Properties and certain of the U.K. properties):*

DTZ Debenham Tie Leung Limited  
16th Floor, Jardine House  
1 Connaught Place  
Central  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE SPIN-OFF

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*As to certain of the U.K. properties:*

Christie + Co  
39 Victoria Street  
London SW1H 0EU  
United Kingdom

**Independent market consultant**

DTZ Debenham Tie Leung Limited  
16th Floor, Fortis Centre  
1063 King's Road  
Quarry Bay  
Hong Kong

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## CORPORATE INFORMATION

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<b>Registered office</b>	33rd Floor, One Pacific Place, 88 Queensway, Hong Kong
<b>Headquarters</b>	64th Floor, One Island East, 18 Westlands Road, Island East, Hong Kong
<b>Company website</b>	www.swireproperties.com (No information on the website forms part of this listing document.)
<b>Company secretary</b>	FU, Yat Hung David
<b>Authorised representatives</b>	LOW, Mei Shuen Michelle Flat A, 7th Floor, One Island Place, Island Place, 51 Tanner Road, Hong Kong  FU, Yat Hung David Flat 4A, Aurizon, 60 Moorsom Road, Jardine's Lookout, Hong Kong
<b>Audit committee</b>	CHAN, Cho Chak John ETCHELLS, Paul Kenneth ( <i>chairman</i> ) KILGOUR, Peter Alan
<b>Remuneration committee</b>	BRADLEY, Stephen Edward HUGHES-HALLETT, James Wyndham John ( <i>chairman</i> ) LIU, Sing Cheong
<b>Hong Kong Share Registrar</b>	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
<b>Principal bankers</b>	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong  Bank of China 1 Fuxingmen Nei Dajie Beijing The People's Republic of China
<b>Compliance adviser</b>	Quam Capital Limited 32nd Floor, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong

## INDUSTRY AND REGULATORY OVERVIEW

*The information presented in this section is derived from various official or publicly available sources, unless otherwise indicated. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by us, the Joint Sponsors or any of our or their respective directors, officers or representatives or any other person involved in the Spin-off and no representation is given as to its accuracy. See also the section headed “Risk Factors — Risks Relating to the Spin-off — We cannot guarantee the accuracy of certain facts and statistics contained in this listing document”. You should note that certain information presented in this section may not be consistent with similar information disclosed in the Market Research Report prepared by DTZ and included in Appendix IV “Market Research Report” to this listing document due to different sources of information, time periods and definitions used by DTZ in preparing the Market Research Report.*

### Hong Kong Overview

Due to Hong Kong’s geographic location, its well established legal system and its importance as a gateway to the PRC, Hong Kong is one of the world’s leading financial and trading centres. Being a free market economy, the city is highly integrated with the global business cycle. Hong Kong’s economy slowed in 2009 due in part to the global financial crisis. However, with the PRC economy remaining strong and a gradual economic recovery for Hong Kong’s other major trading partners, Hong Kong’s economy returned to growth in 2010.

	2006	2007	2008	2009	2010	1H 2011
GDP at current market price (HK\$ billion).....	1,475.4	1,615.6	1,677.0	1,622.3	1,743.9	896.9
Real GDP growth rate (%).....	7.0	6.4	2.3	(2.7)	7.0	6.3
Per capita GDP (HK\$) ...	215,158.0	233,266.0	240,339.0	231,638.0	246,733.0	126,178.0 <sup>(1)</sup>
Median monthly household income (HK\$).....	16,950.0	17,650.0	18,350.0	17,650.0	18,025.0	19,350.0
CPI (%).....	2.0	2.0	4.3	0.5	2.4	4.5
Retail sales growth (%)..	7.2	12.8	10.6	0.6	18.3	24.4
Tourist arrival (’000 persons).....	25,251.1	28,169.3	29,506.6	29,590.7	36,030.3	19,331.2

Source: Hong Kong Census and Statistics Department, Hong Kong Tourism Board

Note:

(1) Based on 2011 mid-year population

Hong Kong experienced a strong economic recovery in 2010, recording quarterly increases in GDP with an overall year-on-year increase in real GDP of 7.0%. The first half of 2011 also saw continued economic growth, with 7.5% and 5.1% increases in real GDP for the first and second quarters of 2011, respectively, over the corresponding periods in 2010. The 2010 increase was in part attributable to growth in exports of goods and in retail sales, which achieved 22.5% and 18.3% year-on-year increases in 2010, respectively.

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## INDUSTRY AND REGULATORY OVERVIEW

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The labour market recovered in 2010 and continued to improve in the first half of 2011, as the Hong Kong economy benefited from strong economic growth in Mainland China. As the economy gradually regained strength, the job market showed a steady improvement. According to the Hong Kong Census and Statistics Department, the seasonally adjusted unemployment rate saw a marked decrease from 5.1% for the period between October and December 2009, to 4.0% for the corresponding period in 2010, and continued to fall to 3.2% for the period between June and August 2011.

Visitor arrivals achieved a 21.8% year-on-year growth in 2010, boosted mainly by an increase in PRC visitor numbers. In 2010, Mainland China continued to be the largest visitor source, with a 26.3% year-on-year growth, accounting for 63.0% of Hong Kong's total arrivals. North Asia registered a year-on-year growth of 21.1%, due to the favourable exchange rate and strong outbound travel from Japan and South Korea. In 2010, long-haul markets recorded a 10.5% year-on-year growth, with a 9.5% and 9.1% year-on-year increase in visitors from the United States and Europe, respectively. Emerging markets also registered significant increases in 2010 arrival numbers, with arrivals from Russia showing a 102.0% year-on-year increase, while India and the Middle East saw 44.8% and 20.7% year-on-year increases respectively.

Visitor arrivals continued their strong growth in the first half of 2011, with total visitor arrivals to Hong Kong achieving a 14.7% year-on-year increase. Arrivals from Mainland China registered the largest growth, with a 21.1% year-on-year increase for the first half of 2011, while overall long-haul and short-haul visitor arrivals (excluding Mainland China and Macau) achieved 3.0% and 4.0% year-on-year increases, respectively.

In 2010, consumer spending regained momentum as a result of the return to growth in the tourism market and the general economy, and the trend continued into the first half of 2011. Total retail sales in 2010 increased by 18.3% year-on-year to reach HK\$325.0 billion, while retail sales in the month of June 2011 reached HK\$31.3 billion, representing a 28.8% increase from the corresponding period in 2010.

According to forecasts by the Economist Intelligence Unit, per capita disposable income in Hong Kong is high by international standards, and continued to grow in 2010 with a 2.7% year-on-year increase. Monthly per capita disposable income for the city was HK\$14,685.0<sup>(1)</sup> at the end of 2010, substantially higher than the PRC, and comparable to the level of developed countries around the world.

As one of the world's leading financial and trading centres, Hong Kong is highly integrated with the global business cycle. As a result, the current uncertainties in global financial markets may have had, and may continue to have, an impact on the Hong Kong economy and real estate market. Global uncertainties may limit companies' relocation and expansion plans, affecting demand and rental rates for office and retail space in Hong Kong. However, limited supply of prime office and retail assets is expected to limit any potential impact on occupancy and rental rates. Coupled with previously announced regulatory measures, any adverse change in the state of the Hong Kong economy may have an impact on certain parts of the residential property market, in particular the mass residential market.

Note:

(1) Calculated using USD-HKD exchange rate as at 31st December 2010 of 7.77326

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## INDUSTRY AND REGULATORY OVERVIEW

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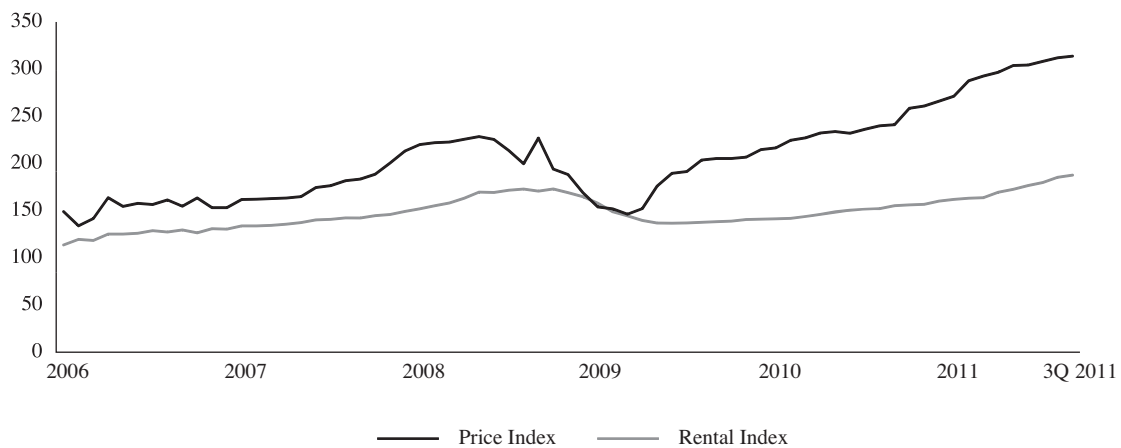
### Hong Kong Office Market Overview

Private office stock at the end of 2010 amounted to approximately 115.1 million square feet, of which approximately 72.5 million square feet or 63.0% consisted of Grade A office space. Hong Kong Island remains the largest source of Grade A office space, accounting for 54.0% of the stock, while Kowloon and the New Territories accounted for 36.0% and 10.0% respectively.

Given the limited supply of land in Hong Kong, Grade A office supply has historically been limited particularly to the central business district on Hong Kong Island. The Hong Kong Rating and Valuation Department forecast new completions of Grade A office space in 2011 of approximately 1.3 million square feet, all of which will be in non-core districts, with Kwun Tong district in Kowloon and Southern district in Hong Kong Island providing 95.0% of the anticipated supply. In 2012, Grade A office completions are forecast by the Hong Kong Rating and Valuation Department to be approximately 0.5 million square feet, the majority of which will be in Central and Wanchai districts.

An improving global and local economy saw increased demand for Hong Kong Grade A office space, with the vacancy rate decreasing from 11.5% as at 31 December 2009 to 8.5% as at 31 December 2010. Grade A office take-up also increased to 3.1 million square feet in 2010, as compared to a reduction in office space taken up in 2009.

### Rental and price indices for Grade A office



Source: Hong Kong Rating and Valuation Department

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## INDUSTRY AND REGULATORY OVERVIEW

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Primarily as a result of strong demand and relatively limited supply, Hong Kong Grade A office rental rates have grown significantly over the past few years despite a significant adjustment due to the global financial crisis. During the period between 2006 and the 30th September 2011, the Grade A rental index compiled by the Hong Kong Rating and Valuation Department increased at a CAGR of 7.1%. Due primarily to the lack of Grade A offices for sale and low interest rates, the price index over the same period increased at a CAGR of 15.0%.

Grade A office rents experienced a strong recovery in 2010, with the rental index increasing every month of the year, as compared to the monthly declines in the first half of 2009. In the first half of 2011, the monthly Grade A office rental index continued to climb, reflecting strong demand for premium office space in a growing economy. Annual Grade A office rental indices achieved a 6.3% year-on-year increase in 2010, while the September 2011 Grade A office rental index saw a 20.9% increase as compared to the corresponding period in 2010. Average monthly rentals for Grade A offices in the Central and Eastern district in September 2011 were HK\$106.0 and HK\$38.9 per square foot, respectively.<sup>(1)</sup>

In the second half of 2011, in the face of an economic downturn and global uncertainties, tenants have limited their expansion and relocation plans, so exerting downward pressure on rental growth rates. Nevertheless, due to there being limited supply in Central and Admiralty, prime rents should (absent a major external shock) continue to grow, but at a slower rate than in the first half of 2011. In the three months to 30th September 2011, the rental and price indices for Grade A office continued to grow month on month.

### **Hong Kong Retail Market Overview**

The retail sector consisted of approximately 115.6 million square feet of stock at the end of 2010. Although the stock of the retail sector is of a similar size to the office sector, there is a greater spread amongst geographic locations, with 29.0% of the total space on Hong Kong Island, 41.0% in Kowloon and 30.0% in the New Territories.

New retail completions in 2010 were approximately 0.7 million square feet, with 66.0% of the completions in Kowloon. The Hong Kong Rating and Valuation Department forecast new retail completions to be approximately 0.6 million and approximately 1.1 million square feet in 2011 and 2012 respectively. Given the lack of available land, only a small amount of the new completions in 2011 and 2012 will be on Hong Kong Island, with the bulk expected to be in Kowloon and the New Territories.

The retail sector benefited from an increase in visitor numbers and a recovering economy in 2010. Vacancy rates decreased from 8.7% in 2009 to 7.9% in 2010 and retail space take-up also saw a significant increase, reaching approximately 1.4 million square feet in 2010.

*Note:*

- (1) Changes in average rents between different periods may be due to variations in the characteristics of the different properties being analysed, and should not be taken as indicating a general change in value over the periods. To measure rental changes over the relevant periods, please refer to the rental indices.

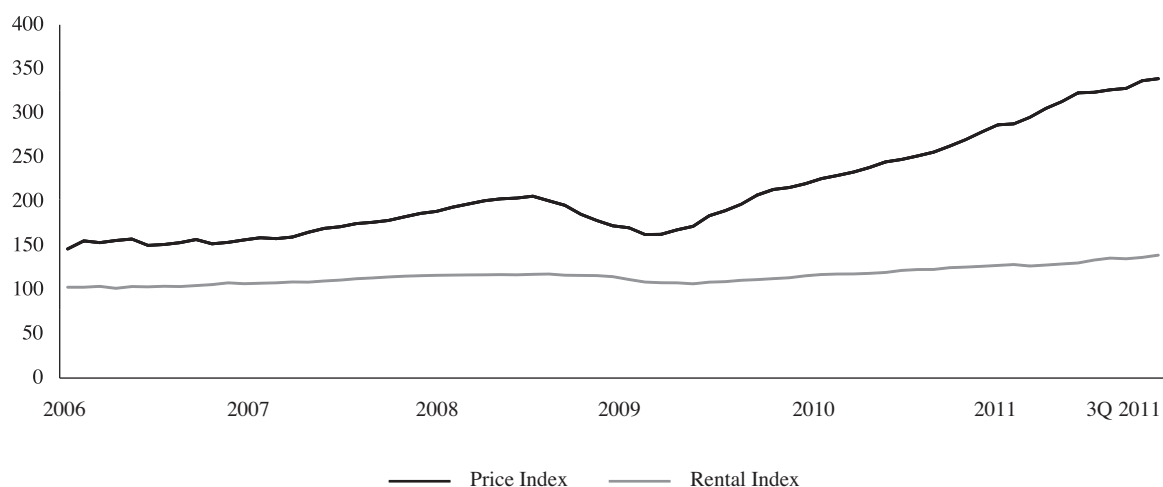


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## INDUSTRY AND REGULATORY OVERVIEW

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### Rental and price indices for retail sector



Source: Hong Kong Rating and Valuation Department

Retail rents in 2010 continued the steady recovery that commenced in the second half of 2009, with the rental index increasing every month of the year, as compared to the monthly declines seen in the second half of 2008 and the first half of 2009. In the first nine months of 2011, the retail rental index continued to climb, reflecting the strong recovery and growth in consumer spending. The annual retail rental index saw a 10.8% year-on-year increase in 2010 and increased at a CAGR of 5.2% from 2006 to 30th September 2011. The September 2011 rental index saw a 10.7% increase as compared to the corresponding period in 2010. The average monthly rental for retail space in Hong Kong Island, Kowloon and New Territories in September 2011 was HK\$117.5, HK\$144.8 and HK\$96.4 per square foot, respectively.

Sale prices of retail space experienced strong growth in 2010 and the first nine months of 2011. The retail prices index recorded a year-on-year growth of 33.2% in 2010, while the price index from 2006 to 30th September 2011 achieved a CAGR of 16.8%. The average sale price for retail space in Hong Kong Island, Kowloon, and New Territories in September 2011 was HK\$34,815.7, HK\$29,474.1, and HK\$21,869.7 per square foot, respectively.<sup>(1)</sup>

Note:

(1) Changes in average rents and prices between different periods may be due to variations in the characteristics of the different properties being analysed, and should not be taken as indicating a general change in value over the periods. To measure rental and price changes over the relevant periods, please refer to the rental and price indices.

### Hong Kong Residential Market Overview

The residential sector consisted of 1,102,900 private domestic units of stock at the end of 2010. Of the existing stock, 21.9% was completed between 1990 and 1999 and 18.6% has been completed since 2000.

After dropping below the 10,000-unit completion level for two consecutive years in 2008 and 2009, completions of private domestic units increased sharply to 13,410 units in 2010, with 66.0% of the completions in the New Territories, 26.0% in Kowloon and 8.0% on Hong Kong Island. The Hong

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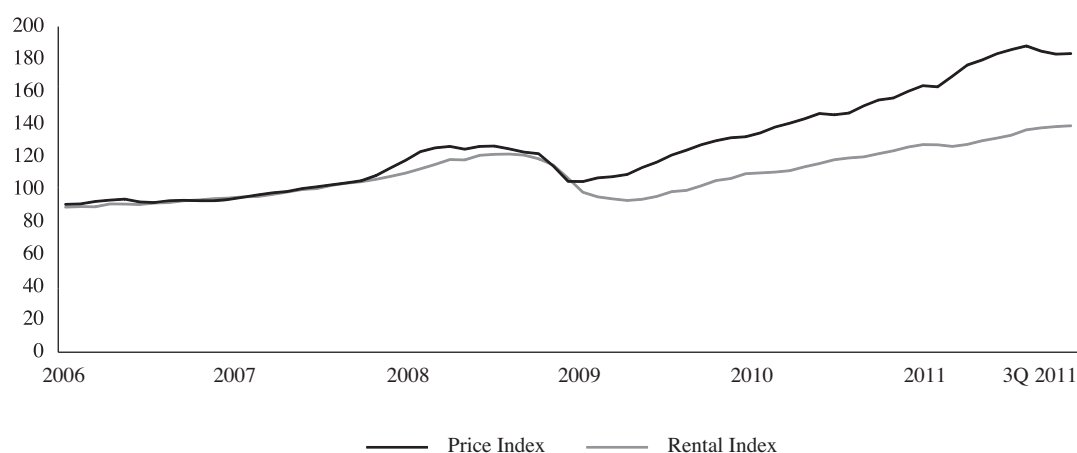
## INDUSTRY AND REGULATORY OVERVIEW

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Kong Rating and Valuation Department forecast new residential supply to decrease moderately to 10,670 units in 2011 and then increase to 13,700 units in 2012. Given the lack of available land, only a small amount of the new completions in 2011 and 2012 are forecast to be on Hong Kong Island, with the bulk still expected to be in Kowloon and the New Territories. In 2011, 75.0% of the new supply is forecast to be in the New Territories, 14.0% in Kowloon and 11.0% on Hong Kong Island.

Residential supply take-up in 2010 decreased by 28.0% to 8,030 units, equivalent to 60.0% of the completions in 2010. As a result, unsold residential units at the end of 2010 increased to 51,530 units, or 4.7% of the total stock.

### Rental and price indices for residential sector



Source: Hong Kong Rating and Valuation Department

Overall residential prices experienced a small increase in 2009, strong growth in 2010, evidenced by a 24.4% annual increase in the residential price index in 2010, and continued to climb monthly in the first half of 2011. This reflected the strong recovery and growth in residential purchases for investment and end-user purposes.

However, there were some downward adjustments in Hong Kong's residential property market from 1st July to 30th September 2011, as evidenced by a 2.5% fall in the residential price index over this period, while the September 2011 price index was 17.5% above the September 2010 index.

## INDUSTRY AND REGULATORY OVERVIEW

Sales volume has also fallen from a monthly average of 11,315 and 9,201 transactions in 2010 and the first half of 2011, respectively, to a monthly average of 5,172 transactions from 1st July to 30th September 2011.<sup>(1)</sup>

### Average residential sales prices in Hong Kong as at September 2011

(HK\$ per square foot)	Class A	Class B	Class C	Class D	Class E
Hong Kong .....	8,845	9,611	12,033	14,946	16,725
Kowloon .....	6,374	7,683	10,600	13,687	21,848
New Territories .....	5,569	5,378	6,706	6,152	8,318

*Source: Hong Kong Rating and Valuation Department*

*Note:* Class A — Less than 430 square feet  
 Class B — 431 - 752 square feet  
 Class C — 753 - 1,075 square feet  
 Class D — 1,076 - 1,721 square feet  
 Class E — 1,722 square feet and above

*Note:*

(1) The figures are derived from sale and purchase agreements of domestic units received for registration in the Land Registry for the relevant periods. They generally relate to transactions executed up to four weeks prior to their submission for registration. Sales of domestic units refer to sale and purchase agreements with payment of stamp duty. These statistics do not include sales of units under the Home Ownership Scheme, the Private Sector Participation Scheme and the Tenants Purchase Scheme except those after payment of premium.

### Mainland China Overview

The PRC economy has grown significantly since the PRC government introduced economic reforms in the late 1970s. The PRC's accession to the World Trade Organisation in 2001 further accelerated the development of the PRC economy. The nominal GDP of Mainland China increased at a CAGR of 16.7% from RMB21,631.4 billion in 2006 to RMB40,120.2 billion in 2010, making Mainland China one of the fastest growing economies in the world. According to the National Bureau of Statistics of China, the rate of Mainland China's real GDP growth accelerated to 10.4% in 2010 from 9.2% in 2009.

	2006	2007	2008	2009	2010	1H 2011
Nominal GDP (RMB billion) .....	21,631.4	26,581.0	31,404.5	34,090.3	40,120.2	20,445.9
Real GDP growth rate (%) .....	12.7	14.2	9.6	9.2	10.4	9.6
Per capita GDP (RMB) ..	16,499.7	20,169.5	23,707.7	25,607.5	29,991.8	N/A
CPI (%) .....	1.5	4.8	5.9	(0.7)	3.3	5.4
Retail sales growth (%)..	13.7	16.8	21.6	15.5	23.3	18.1
Foreign tourist arrival ('000 persons) .....	22,192.0	26,109.7	24,325.3	21,937.5	26,126.9	12,872.4

*Source: National Bureau of Statistics of China, China National Tourism Administration*

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## INDUSTRY AND REGULATORY OVERVIEW

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Retail sales in Mainland China recorded strong growth after the global financial crisis, with retail sales increasing by 23.3% in 2010. The growth in retail sales largely reflected urbanisation in Mainland China, as the propensity for urban households to consume was higher than that of rural households. In 2010, per capita annual consumption expenditure of urban households was RMB13,471.5. The growing urban population in Mainland China is expected to continue to support the growth of retail sales.

As many cities on the coast of Mainland China are already reaching living standards close to those in the Organisation of Economic Cooperation and Development (“OECD”) member countries, middle-class households with strong purchasing power have emerged, representing a great market potential for high-end consumer goods. The rapidly growing service sector creates strong demand for high-quality office buildings as well as large-size retail malls and department stores. According to the 70-city rental price index compiled by the National Bureau of Statistics of China, the office and retail rental price indices in 2010 recorded year-on-year increases of 5.6% and 2.3%, respectively.

Visitor numbers have remained strong for key cities, with Beijing as a key destination for Mainland Chinese tourists. With Shanghai as the PRC’s financial hub, and Guangzhou as an important destination for international visitors, these two cities attracted a higher proportion of international visitors compared to other cities in Mainland China. Being one of the most popular tourist centres in Mainland China, Chengdu also draws a large number of domestic tourists.

### Demographic information

	<b>Per capita disposable income (RMB/period)</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>1H 2011</b>
- National Average for						
Urban Households .....	11,759.5	13,785.8	15,780.8	17,174.7	19,109.4	11,041.5
- Guangzhou .....	19,850.4	22,469.2	25,316.7	27,609.6	30,658.5	17,902.1
- Shanghai .....	20,667.9	23,622.7	26,674.9	28,837.8	31,838.0	18,381.9
- Beijing .....	19,977.5	21,988.7	24,724.9	26,738.5	29,073.0	17,068.3
- Chengdu .....	12,789.0	14,849.2	15,580.0	17,589.0	19,919.5	12,356.5
Total PRC urban						
population (million)....	582.9	606.3	624.0	645.1	669.8	N/A

*Source: National Bureau of Statistics of China*

Disposable income in Mainland China continued to grow steadily and this has benefited the development of the retail sector in the country. As Mainland China’s population becomes more affluent, the composition of its population’s retail spending is shifting away from a heavy weighting towards food to a more balanced consumption model that is often common for more developed countries. The shift in consumption pattern towards more discretionary spending is expected to continue as income increases. Generally, the coastal provinces (especially those around the Pearl and Yangtze River Deltas) and Beijing have the highest per capita disposable income. In addition, the proportion of discretionary spending is higher in these areas than in the less developed parts of the country.

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## INDUSTRY AND REGULATORY OVERVIEW

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Mainland China has the largest population of any country in the world. At the end of 2010, it had a total population of 1.3 billion people, of which 49.9% lived in urban areas. While population growth has slowed to less than 1% per year since the late 1990s, the urban population (which is the cornerstone of Mainland Chinese consumer demand) continues to grow. Urbanisation is increasing at a fast pace and has helped maintain Mainland China's economic growth. The urban population has been growing at an average annual rate of 4.1% between 1991 and 2010.

As the economy of Mainland China has increasingly been linked into the global economy since its accession to the World Trade Organisation, the current uncertainties in global financial markets may have had, and may continue to have, an impact on the economy and real estate market in Mainland China. However, the PRC economy is expected to continue to grow at a relatively robust rate, with increasing urbanisation, disposable income levels and business growth underpinning demand in the real estate sector. Any sustained adverse change in the economy in Mainland China, coupled with the impact of previously announced regulatory measures (which are beginning to show signs of affecting demand and prices in certain cities and certain parts of the property markets), may adversely affect some sectors of the residential property market in Mainland China.

### GUANGZHOU

#### Overview

For Guangzhou, the largest city in the Pearl River Delta, the switch away from export-oriented development will mean some systematic restructuring. Many migrant workers have already left the city as factories reliant on exports have scaled back production. Nevertheless, being an industrial city, Guangzhou will benefit from the shift in focus towards increased domestic spending. The increasing integration with Hong Kong and Macau should also see the city benefit from increased investment, business activity and income over the long term.

From 2006 to 2010, Guangzhou's nominal GDP grew from RMB606.8 billion to RMB1,060.4 billion, representing a CAGR of 15.0%. Per capita disposable income in Guangzhou also grew from RMB19,850.4 in 2006 to RMB30,658.5 in 2010, representing a CAGR of 11.5%.

	<b>Guangzhou economic overview</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>1H 2011</b>
Nominal GDP (RMB billion) .....	606.8	705.1	821.6	911.3	1,060.4	573.0
Per capita GDP (RMB) ..	63,100.0	71,808.0	81,233.0	89,082.0	N/A	N/A
GDP growth rate (%) .....	17.7%	16.2%	16.5%	10.9%	16.4%	17.3% <sup>(1)</sup>
Per capita disposable income of urban households (RMB) .....	19,850.4	22,469.2	25,316.7	27,609.6	30,658.5	17,902.1

Source: National Bureau of Statistics of China

Note:

(1) Calculated on a year-on-year basis as of June 2011

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## INDUSTRY AND REGULATORY OVERVIEW

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### Guangzhou Commercial Property Market

In 2010, 648,283 square metres of office GFA were completed in Guangzhou, representing 60.9% year-on-year growth, while 1,314,642 square metres of retail GFA were completed, representing 23.3% year-on-year growth. Correspondingly, investment in office and retail space grew in 2010, achieving a 9.5% and 59.6% year-on-year growth and a CAGR of 2.8% and 34.3% over the period from 2006 to 2010, respectively.

<b>Guangzhou property market</b>						
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>1H 2011</b>
GFA completed for office use ('000 square metres) .....	563.5	348.7	961.1	403.0	648.3	447.8
GFA completed for retail use ('000 square metres) .....	715.9	683.6	765.6	1,066.5	1,314.6	241.1
Investment in office building (RMB million) <sup>(1)</sup> .....	7,305.4	6,304.5	5,348.8	7,447.6	8,155.2	N/A
Investment in retail building (RMB million) <sup>(1)</sup> .....	5,509.8	6,848.2	8,400.1	11,217.8	17,905.6	N/A

Source: National Bureau of Statistics of China

Note:

(1) Investment in real estate development refers to investment in the construction of buildings by real estate development companies, commercialised buildings construction companies and other real estate development units of various types of ownership. It does not include pure land transactions. Sources of funds for investment in fixed assets are categorised as funds from the state budget, domestic loans, foreign investment, self-raised funds, and others, depending on the sources of investment.

### BEIJING

#### Overview

With the northern provinces, centred around the Bohai Gulf area, quickly catching up with the development of the southeastern provinces, Beijing is set to benefit from its access to these areas, where GDP growth is above the national average. In addition, as the capital of the PRC, the city has traditionally been a centre for educational institutions, government organisations and cultural facilities, which play an important role in attracting educated people to the city. The role of government in the city helps to smooth out some of the economic peaks and troughs which may affect other regions.

## INDUSTRY AND REGULATORY OVERVIEW

Beijing's economy has developed significantly over the years. This is primarily due to robust growth of the national economy as well as the increasing inflow of foreign direct investment. From 2006 to 2010, Beijing's nominal GDP grew from RMB787.0 billion to RMB1,377.8 billion, representing a CAGR of 15.0% over the same period. Per capita disposable income in Beijing also grew from RMB19,977.5 in 2006 to RMB29,073.0 in 2010, representing a CAGR of 9.8%.

	<b>Beijing economic overview</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>1H 2011</b>
Nominal GDP (RMB billion) .....	787.0	900.6	1,048.8	1,186.6	1,377.8	741.8
Per capita GDP (RMB) .....	52,054.0	61,274.0	66,797.0	70,452.0	75,943.0	37,823.6 <sup>(1)</sup>
GDP growth rate (%) .....	14.3%	14.4%	16.5%	13.1%	16.1%	16.4% <sup>(2)</sup>
Per capita disposable income of urban households (RMB) .....	19,977.5	21,988.7	24,724.9	26,738.5	29,073.0	17,068.3

Source: National Bureau of Statistics of China

Notes:

- (1) Calculated based on 2010 population  
 (2) Calculated on a year-on-year basis as of June 2011

### Beijing Commercial Property Market

In 2010, 1,984,000 square metres of office GFA were completed in Beijing, while 2,719,000 square metres of retail GFA were completed. While newly completed GFA in 2010 for both office and retail properties decreased year on year, investment in office and retail space grew in 2010, achieving a 55.4% and 67.5% year-on-year growth and a 2006 to 2010 CAGR of 4.6% and 10.5%, respectively.

	<b>Beijing property market</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>1H 2011</b>
GFA completed for office use ('000 square metres).	3,044.0	3,148.3	3,646.0	3,165.9	1,984.0	862.5
GFA completed for retail use ('000 square metres).	2,892.2	3,151.0	3,131.1	3,224.5	2,719.0	720.8
Investment in office building (RMB million) <sup>(1)</sup> .....	21,674.2	24,221.9	17,050.1	16,672.4	25,910.0	13,457.2
Investment in retail building (RMB million) <sup>(1)</sup> .....	22,595.7	26,735.7	24,036.4	20,073.5	33,629.2	13,097.4

Source: National Bureau of Statistics of China

Note:

- (1) Investment in real estate development refers to investment by real estate development companies, commercialised buildings construction companies and other real estate development units of various types of ownership in the construction of buildings. It does not include activities in pure land transactions. Sources of funds for investment in fixed assets are categorised as funds from the State budget, domestic loans, foreign investment, self-raised funds, and others, depending on the sources of investment.

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## INDUSTRY AND REGULATORY OVERVIEW

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### SHANGHAI

#### Overview

Shanghai is the leading financial centre and principal shipping centre of Mainland China. Given Shanghai's status as one of the most developed cities in Mainland China and the host city of the World Expo in 2010, Shanghai should continue to attract multinational companies looking for high quality offices, serviced apartments and hotel space.

The Shanghai economy has been growing rapidly since the 1990s. Shanghai's GDP increased from RMB1,036.6 billion in 2006 to RMB1,716.6 billion in 2010, representing a CAGR of 13.4% over the same period. Per capita disposable income in Shanghai grew from RMB20,667.9 in 2006 to RMB31,838.0 in 2010, representing a CAGR of 11.4%. As the host city of the World Expo in 2010, Shanghai has continued to benefit from foreign investment, which strengthens its position as the leading economic and financial centre of the nation.

	<b>Shanghai economic overview</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>1H 2011</b>
Nominal GDP (RMB billion) .....	1,036.6	1,218.9	1,369.8	1,504.6	1,716.6	916.4
Per capita GDP (RMB) ..	58,837.0	68,024.0	75,109.0	78,989.0	76,074.5	39,810.8 <sup>(1)</sup>
GDP growth rate (%) .....	13.2%	17.6%	12.4%	9.8%	14.1%	14.8% <sup>(2)</sup>
Per capita disposable income of urban households (RMB) .....	20,667.9	23,622.7	26,674.9	28,837.8	31,838.0	18,381.9

Source: National Bureau of Statistics of China

Notes:

(1) Calculated based on the population of Shanghai in 2010

(2) Calculated on a year-on-year basis as of June 2011



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## INDUSTRY AND REGULATORY OVERVIEW

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### Shanghai Commercial Property Market

In 2010, 1,506,927 square metres of office GFA were completed in Shanghai, representing 11.6% year-on-year growth, while 1,764,144 square metres of retail GFA were completed. While newly completed GFA in 2010 for retail properties decreased year on year, investment in both office and retail space grew in 2010, achieving a year-on-year growth rate of 18.7% and 32.2% and a CAGR of 15.9% and 12.1% over the period from 2006 to 2010, respectively.

	<b>Shanghai property market</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>1H 2011</b>
GFA completed for office ('000 square metres) .....	1,085.3	1,388.9	2,056.7	1,350.2	1,506.9	829.6
GFA completed for retail ('000 square metres) .....	2,393.9	2,564.6	2,215.6	2,010.5	1,764.1	746.4
Investment in office building (RMB million) <sup>(1)</sup> .....	12,428.9	15,751.5	18,622.0	18,915.0	22,446.1	N/A
Investment in retail building (RMB million) <sup>(1)</sup> .....	15,507.2	15,893.8	17,263.0	18,510.0	24,470.3	N/A

Source: National Bureau of Statistics of China

Note:

- (1) Investment in real estate development refers to investment by real estate development companies, commercialised buildings construction companies and other real estate development units of various types of ownership in the construction of buildings. It does not include activities in pure land transactions. Sources of funds for investment in fixed assets are categorised as funds from the state budget, domestic loans, foreign investment, self-raised funds, and others, depending on the sources of investment.

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### CHENGDU

#### Overview

Chengdu, the provincial capital of Sichuan, is an important commercial centre in western Mainland China and a major distribution centre for the region. In recent years, the PRC government has made economic development in the western region a priority. Over the past few years, Chengdu's GDP has grown at a faster pace than that of the national average.

Having benefited from the PRC government's Western Development Plan, Chengdu has experienced substantial economic growth. Nominal GDP increased from RMB275.0 billion in 2006 to RMB555.1 billion in 2010, representing a CAGR of 19.2%. Per capita disposable income in Chengdu grew significantly from RMB12,789.0 in 2006 to RMB19,919.5 in 2010, representing a CAGR of 11.7%, indicating the increasing purchasing power of the Chengdu population.

	<b>Chengdu economic overview</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>1H 2011</b>
Nominal GDP (RMB billion) .....	275.0	332.4	390.1	450.3	555.1	N/A
Per capita GDP (RMB) ..	25,171.0	26,525.0	30,855.0	35,215.0	48,310.0 <sup>(1)</sup>	N/A
GDP growth rate (%) .....	16.0%	20.9%	17.4%	15.4%	23.3%	N/A
Per capita disposable income of urban households (RMB) .....	12,789.0	14,849.2	15,580.0	17,589.0	19,919.5	12,356.5

*Source: National Bureau of Statistics of China*

*Note:*

(1) Calculated based on 2010 population.

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## INDUSTRY AND REGULATORY OVERVIEW

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### Chengdu Commercial Property Market

In 2010, 261,045 square metres of office GFA were completed in Chengdu, while 808,415 square metres of retail GFA were completed, representing a 18.9% year-on-year growth. Correspondingly, investment in office and retail space grew in 2010, achieving a year-on-year growth rate of 63.2% and 44.1% and a CAGR of 42.1% and 13.0% over the period from 2006 to 2010, respectively.

	<b>Chengdu property market</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>1H 2011</b>
GFA completed for office use ('000 square metres) .....	152.4	167.2	268.3	375.4	261.0	280.5
GFA completed for retail use ('000 square metres) .....	1,522.1	1,072.8	681.7	680.1	808.4	533.6
Investment in office building (RMB million) <sup>(1)</sup> .....	1,238.0	1,828.6	2,224.6	3,092.9	5,049.2	N/A
Investment in retail building (RMB million) <sup>(1)</sup> .....	6,155.6	5,358.7	6,184.5	6,964.7	10,035.3	N/A

Source: National Bureau of Statistics of China

Note:

(1) Investment in real estate development refers to investment by real estate development companies, commercialised buildings construction companies and other real estate development units of various types of ownership in the construction of buildings. It does not include activities in pure land transactions. Sources of funds for investment in fixed assets are categorised as funds from the state budget, domestic loans, foreign investment, self-raised funds, and others, depending on the sources of investment.

## REGULATORY OVERVIEW OF THE HONG KONG PROPERTY INDUSTRY

### (a) The Land System in Hong Kong

The freehold of all land except St. John's Cathedral in Hong Kong is owned by the Hong Kong government. Land is generally leased to private parties by the Hong Kong SAR government under long-term leases. Such leases are in the form of "Government" leases which usually contain a few standard restrictions and carry a nominal annual rent or in the form of conditions of grant which usually contain more restrictions and an annual rent linked to rateable value and under which the lessee will, subject to compliance with the conditions, be entitled to a lease of the land. The lessee of the Government lease or the conditions of grant is commonly referred to as the owner of the leased property.

There are usually various restrictive covenants in the conditions of grant and sometimes in the Government leases, including land use restrictions. If a lessee wishes to modify the use restrictions or to remove or modify development restrictions in a Government lease or conditions of grant, the lessee must apply to the Director of Lands and is usually required to pay a premium for the same.

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## INDUSTRY AND REGULATORY OVERVIEW

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### (b) Land Auction Process (including application list system)

Government land in Hong Kong is normally disposed of by way of public auction or tender under which the Hong Kong government sells the land to the highest bidder or tenderer for a premium. Sites are made available under an application system. Under this system, the government publishes lists of sites available for sale upon application. Sites on a list are only put up for public sale if there is a firm offer to buy the sites at a premium acceptable to the Hong Kong government. The applicant has to sign an agreement with the Hong Kong government and pay a deposit equivalent to the greater of 5% of the minimum price he is prepared to pay for the site and HK\$25 million. An applicant whose minimum bid for a site is acceptable to the Hong Kong government still has to compete with others in an open auction or tender for the site. In addition to this system, the Hong Kong government has also introduced a government-initiated land auction or tender system in order to increase land supply.

### (c) Deed of Mutual Covenant and Multi-storey Buildings

In Hong Kong, multi-storey buildings are extremely common. The Hong Kong government does not issue a separate government lease for each unit in a multi-storey building. Generally, a document called a “deed of mutual covenant” notionally divides the building and land granted under the government lease or conditions of grant into a number of equal undivided shares. The owners of units in such a building own collectively both the land and the building on it. The land and building are held by the co-owners as tenants in common in the proportion of these undivided shares which usually bear some relationship to the size of the individual units held by the various owners within the building.

The deed of mutual covenant contains the co-owners’ agreement as to the manner of regulating their co-ownership of the land and building and the effective maintenance and management of the building. Some deeds of mutual covenant also provide for management shares to be allocated to each unit for the purpose of calculating a co-owner’s contribution to management expenses. Under a deed of mutual covenant, each co-owner is allocated a number of shares which entitle that co-owner to the exclusive use and occupation of the co-owner’s unit(s) to the exclusion of other co-owners, and gives each co-owner certain rights and obligations in relation to the use, maintenance and repair of the common parts and facilities of the building(s), to which each co-owner is bound to contribute a proportionate share of the associated costs and expenses by reference to the undivided shares or management shares allocated to its unit(s). Most deeds of mutual covenant also require a co-owner to pay management fee deposits and to make contributions to the management funds before taking possession of a unit.

### (d) Compulsory Acquisition Process

As most of the old buildings in Hong Kong are held under co-ownership in the manner described above, in order to redevelop an old building, a developer has to acquire all the units in the building. Prior to 1999, if even one owner held out and refused to sell, the redevelopment could not proceed. To address this problem, the Land (Compulsory Sale for Redevelopment) Ordinance, (Chapter 545 of the Laws of Hong Kong) (the “**Ordinance**”) was enacted in 1998 and came into operation in 1999. Under the Ordinance, a person who owns (or persons who together own) not less than 90% of the undivided shares in a lot may make an application to the Lands Tribunal (the “**Tribunal**”) for an order for the sale of the whole building for the purpose of redevelopment. The Ordinance applies to all types of buildings and is not limited to domestic ones. If an applicant can prove to the satisfaction of the Tribunal that certain specified requirements have been met, the Tribunal may order the whole building,

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## INDUSTRY AND REGULATORY OVERVIEW

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including all the units owned by the minority owners, to be sold by way of public auction. Under the Ordinance, an applicant may apply to the Tribunal for an order for compulsory sale of a building if, among other things, the following conditions are satisfied:

- (i) the owner has already acquired not less than 90% of the undivided shares in the lot;
- (ii) redevelopment is justified due to the age or state of repair of the building; and
- (iii) the owner has taken reasonable steps to acquire all the undivided shares in the lot (including negotiating for the purchase of the shares owned by a minority owner on terms that are fair and reasonable).

The Land (Compulsory Sale for Redevelopment) (Specification of Lower Percentage) Notice 2010 (the “**Notice**”) has lowered the compulsory sale application threshold to 80% for three classes of lots. The Notice came into operation on 1st April 2010. By the Notice, the threshold is lowered to 80% for the following three classes of lots:

- (i) a lot with each of the units on the lot representing more than 10 per cent. of all the undivided shares in the lot. In such a case, the building must have less than 10 units.
- (ii) a lot where the building is more than 50 years old.
- (iii) a lot where the building is an industrial building which is more than 30 years old and lies within a non-industrial zone under a draft or approved Outline Zoning Plan prepared under the Town Planning Ordinance (Chapter 131 of the Laws of Hong Kong).

An applicant applying for a compulsory sale order must satisfy the Tribunal that (a) the redevelopment of the lot is justified due to the age or state of repair of the existing building and (b) the majority owner has taken reasonable steps to acquire all the undivided shares in the lot.

### **(e) Occupation Permit**

An occupation permit is a document issued by the Building Authority under the provisions of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) and stipulates the designated user of the property. It may be issued in respect of the whole or part of a new building. If any material change is intended to be made to the use of the premises which would contravene the designated user specified in the occupation permit, one month’s notice must be given to the Building Authority of the intended change and the Building Authority may prohibit such change of use where, in its opinion, the building is not suitable by reason of its construction for the intended use. For a purchaser of a unit in a building, the occupation permit is important because it will confirm that the statutory requirements of the Buildings Ordinance have been complied with and will also show the permitted use of the building. It must be produced by the vendor to prove title.

### **(f) Government Lease Terms**

The terms of Government leases vary. At various times in the past, government leases have been granted for periods of 75, 99 or 999 years with or without a right of renewal. Government leases or government grants are now usually granted for a term of 50 years. In the New Territories, pursuant to the New Territories Lease (Extension) Ordinance (Chapter 150 of the Laws of Hong Kong), with

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## INDUSTRY AND REGULATORY OVERVIEW

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the exception of short term tenancies and leases for special purposes, the terms of government leases have been automatically extended until 30th June 2047, without payment of further premium, although the annual government rent payable to the Hong Kong government from the date of extension will be adjusted to the equivalent of 3.0% of the rateable value of the land from time to time. Since 1st July 1997 when Hong Kong became the Hong Kong Special Administrative Region (the “**HKSAR**”) of the People’s Republic of China, the Basic Law of the HKSAR (the “**Basic Law**”) applies to Hong Kong.

Article 8 of the Basic Law provides that the laws previously in force in Hong Kong, that is, the common law shall be maintained, rules of equity, ordinances, subordinate legislation and customary law shall be maintained, except for any that contravene the Basic Law, and subject to any amendment by the legislature of the HKSAR. Accordingly, for existing government leases which will expire before 30th June 2047, the Basic Law provides that they will continue to be recognised and protected under the laws of the HKSAR. Where such government leases do not contain a right of renewal upon expiry, Article 123 of the Basic Law provides that they shall be dealt with in accordance with laws and policies formulated by the government of the HKSAR on its own.

### REGULATORY OVERVIEW OF THE PRC PROPERTY INDUSTRY

Summaries of certain aspects of PRC law and regulations which are relevant to our business and the property industry in the PRC are set out in Appendix V “Summary of PRC Laws and Regulations Relating to the Property Sector” to this listing document. Set out below is an overview of the key regulations relating to the property industry in the PRC, many of which are directed at the commercial property sector.

#### Land acquisition

As all land in the PRC is either state-owned or collectively-owned, interests in land consist of land use rights, under which private parties (including individuals and corporate entities) may hold rights for investment or development purposes or transfer their interests to other parties. Individuals and corporate entities may acquire land use rights in a variety of ways, the two most important being land grants from local land authorities and land transfers from land users who have already obtained land use rights. For a further discussion of the land system in the PRC, see the section headed “The Land System of the PRC” in Appendix V “Summary of PRC Laws and Regulations Relating to the Property Sector” to this listing document. Regulations issued by the PRC Ministry of Land and Resources in May 2002 and revised in September 2007 provide that land use rights for property to be used for industrial use, commercial use, tourism use, entertainment use and commodity housing development and the use rights for land in which more than one land user are interested, may be granted by the PRC government only by way of public tender, auction or listing-for-sale. These regulations also govern the public tender, auction or listing-for-sale process. Regulations issued by the PRC Ministry of Land and Resources in June 2003 govern the granting of land use rights by the PRC government by private agreement, where the designated use is not for any business purposes. For further information on these regulations, see the section headed “Grant” in Appendix V “Summary of PRC Laws and Regulations Relating to the Property Sector” to this listing document. Under the current regulations, grantees of land use rights are generally allowed to dispose of the land use rights granted to them in the secondary market provided that they have made some corresponding investment in accordance with the land grant agreement. Our ability to acquire land use rights and develop future projects may be adversely affected by present and future PRC laws and regulations. See the section headed “Risk Factors — Risks Relating to the PRC and Hong Kong” in this listing document.

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## INDUSTRY AND REGULATORY OVERVIEW

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### Demolition and Removal

Demolition and removal are regulated by the Expropriation Rules, which were promulgated by the State Council on 21st January 2011. The Rules set out the requirements and procedures for the demolition and removal of housing. The Expropriation Rules provide for the rights of persons whose buildings are to be expropriated. In accordance with the Expropriation Rules, buildings on state-owned land can be expropriated for public interest reasons and the owners of those buildings are required to be reimbursed. Where a building on state-owned land is expropriated in accordance with law, the corresponding right to use the state-owned land is withdrawn at the same time. The compensation for the expropriation of a building must not be less than the market price of a property similar to the expropriated building on the date of the announcement of the decision to expropriate the building. The value of the building expropriated is required to be assessed by a qualified real estate price assessment institution in accordance with the assessment measures for building expropriation. For further information on these regulations, see the section headed “Demolition and Removal” in Appendix V “Summary of PRC Laws and Regulations Relating to the Property Sector” to this listing document.

### Idle Land

Idle land is mainly governed by the Measures on Disposals of Idle Land《閑置土地處置辦法》 enacted and enforced by the Ministry of Land and Resources in April 1999. According to these measures, land can be classified as idle land under any of the following circumstances: (i) where development and construction of the land has not commenced within the prescribed time limit after obtaining the land use right without consent from the government which approved the use of the land; (ii) where the “Contract on Paid Use of the Right to Use State-Owned Land”《國有土地有償使用合同》 or the “Approval Letter on Land Used for Construction”《建設用地批准書》 has not prescribed the date of commencing the development and construction, the development and construction of the land is not commenced within one year from the date when the “Contract on Paid Use of the Right to Use State-Owned Land” became effective or when the administrative department of land issued the “Approval Letter on Land Used for Construction”; (iii) where the development and construction of the land has commenced but the area of the development and construction that has commenced is less than one-third of the total area to be developed and constructed, or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval; or (iv) in other circumstances prescribed by relevant laws and the administrative regulations.

The city- or county-level land administrative department shall, after a piece of land which has been determined to be idle land, notify the land user and draft a proposal on the methods of disposal of the idle land, including but not limited to extending the time period for development and construction (provided that the extension shall be no longer than one year), changing the use of the land, arranging for temporary use, ascertaining a new land user by competitive bidding and public auction. The administrative department of land under the government of city or county level shall, after the proposal on disposal of idle land has been approved by the government which originally approved the use of the land, arrange for implementation of the proposal. As regards any idle land which is obtained by grant and is within the scope of city planning, if the work has not commenced after one year from the prescribed date of commencement, a surcharge on the idle land equivalent to less than 20% of the grant premium may be levied; if the work has not commenced within two years

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## INDUSTRY AND REGULATORY OVERVIEW

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from the prescribed date of commencement, the land can be confiscated without compensation. However, the preceding stipulations shall not apply if the delay is caused by force majeure, acts of government or acts of other relevant departments under the government, or by the indispensable preliminary work.

### Leases of Buildings

Administrative Measures for Commodity House Leasing 《商品房屋租賃管理辦法》, which were promulgated by Ministry of Housing and Urban-Rural Development on 1st December 2010, permit property owners to lease their properties for residential or commercial uses except as otherwise prohibited by applicable law. The lease agreement should be registered with the relevant real estate administration authority within 30 days after its execution. The Supreme People's Court of the PRC recently issue a clarification to the effect that courts should not uphold a claim that a building leasing contract is invalid due to the failure of registration. For further information on these measures, see the section headed "Leases of Buildings" in Appendix V "Summary of PRC Laws and Regulations Relating to the Property Sector" to this listing document.

### Real Estate Financing

In recent years, the PRC government promulgated various rules and policies to regulate real estate project financing, which may limit the foreign-owned real estate companies' ability to use bank loans to finance their property projects and therefore to maintain a relatively high level of sourced cash, for the business expansion in the PRC.

In June 2003, PBOC adopted the Circular on Further Strengthening the Management of the Real Estate Credit Business 《關於進一步加強房地產信貸業務管理的通知》 to strengthen the enforcement of lending regulations in the property industry. These measures:

- prohibit PRC commercial banks from financing the payment of land premium;
- restrict PRC commercial banks from financing the development of luxury residential properties and villas;
- prohibit PRC commercial banks from granting project loans to property developers for projects if the property developer has failed to acquire the land use rights certificate, the construction land use planning permit, the construction planning permit or the construction permit or if the property developer's internal funds for the project are less than 30% (which was later raised to 35%) of the total estimated capital required for that project; and
- prohibit property developers from financing property developments with loans obtained from banks in regions outside the locations of the relevant property developments.

In September 2007, the PBOC and CBRC jointly issued the Notice on Strengthening the Administration of Commercial Real Estate Credit Loans 《關於加強商業性房地產信貸管理的通知》 to further regulate the management of loans for commercial real estate. These measures:

- prohibit commercial banks from lending to projects with an internal capital ratio (owners' equity) of less than 35%, or without a land use rights certificate, construction land use planning permit, construction planning permit and construction permit;



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## INDUSTRY AND REGULATORY OVERVIEW

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- prohibit commercial banks from lending to property developers solely for the payment of land premium; and
- require commercial properties purchased with loans to have been completed and passed the completion acceptance inspection.

In December 2008, the General Office of the State Council promulgated the Several Opinions on Promoting the Healthy Development of Real Estate Market《國務院辦公廳關於促進房地產市場健康發展的若干意見》, pursuant to which commercial banks shall, according to the principles for credit and requirements for supervision, increase credit support for the construction of small or medium-sized or at low or medium-priced ordinary commercial properties, especially for projects under construction. With regard to the enterprises or projects relating to merger or reorganisation by competent and reputable real estate development enterprises, commercial banks shall provide financing support and relating financial services.

In accordance with the Notice Regarding Adjusting Capital Ratio of Fixed Assets Investment Project《國務院關於調整固定資產投資項目資本金比例的通知》promulgated by the State Council on 25th May 2009, the minimum capital ratio for real estate development projects (other than low-income and ordinary commercial housing projects) is 30%. When providing credit support and services, financial institutions shall carry out independent assessment to prevent financial risks and conduct comprehensive assessment and evaluation on the source of the capital, returns on investment and credit risks with reference to the capital ratio requirements promulgated by the state and the actual status of the borrower and the project, to independently decide whether to grant the loan and the specific amount and proportion of the loan.

On 7th January 2010, the General Office of the State Council issued the Circular on Promoting the Stable and Healthy Development of Real Estate Market《國務院辦公廳關於促進房地產市場平穩健康發展的通知》, pursuant to which, financial institutions are required to adhere strictly to requirements regarding internal capital ratios for real estate projects, and are prohibited from advancing funds to developers or projects that do not satisfy the requirements under the credit policies in relation to real estate development.

On 29th September 2010, the PBOC and CBRC jointly issued the Notice on Issues Concerning the Improvement of Differential Housing Credit Policies《中國人民銀行、中國銀行業監督管理委員會關於完善差別化住房信貸政策有關問題的通知》, pursuant to which all commercial banks are required to suspend the granting of loans for new development projects and to suspend the extension of loans to any real estate development enterprise which has left any land idle, changed the uses and nature of land, delayed the commencement of property projects or completion of construction, held back housing units for sale or violated any of laws or regulations.

### **Ability to Obtain Offshore Financing**

In July 2007, the General Affairs Department of the SAFE issued the Notice Regarding the Publication of the List of the First Batch of Property Development Projects with Foreign Investment that Have Properly Registered with the Ministry of Commerce《關於下發第一批通過商務部備案的外商投資房地產項目名單的通知》. The notice stipulates, amongst other things, (i) that branches of SAFE will no longer process foreign debt registrations or approvals for settlement of foreign exchange submitted by real estate enterprises with foreign investment who obtained approval certificates from commercial authorities and register with the MOC on or after 1st June 2007, and (ii) that branches of

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## INDUSTRY AND REGULATORY OVERVIEW

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SAFE will no longer process foreign exchange registrations (or change of such registrations) or settlement and sale of foreign exchange in the capital account submitted by real estate enterprises with foreign investment who obtained approval certificates from commercial authorities on or after 1st June 2007 but failed to file with the MOC. This regulation restricts the ability of foreign-invested real estate companies to raise funds offshore for the purpose of injecting such funds into the companies by way of shareholder loans.

### **Restriction on State-owned Enterprises From Making Further Real Estate Investments**

On 18th March 2010, the State-owned Assets Supervision and Administration Commission (“SASAC”) announced that state-owned enterprises whose primary business does not involve real estate will be required to cease investing in real estate upon the completion of their current real estate projects.

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## HISTORY AND CORPORATE STRUCTURE

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### HISTORY

The Company was incorporated in Hong Kong as a company with limited liability on 3rd November 1972 in order to develop certain properties in Hong Kong and, more generally, to invest in properties in Hong Kong and elsewhere.

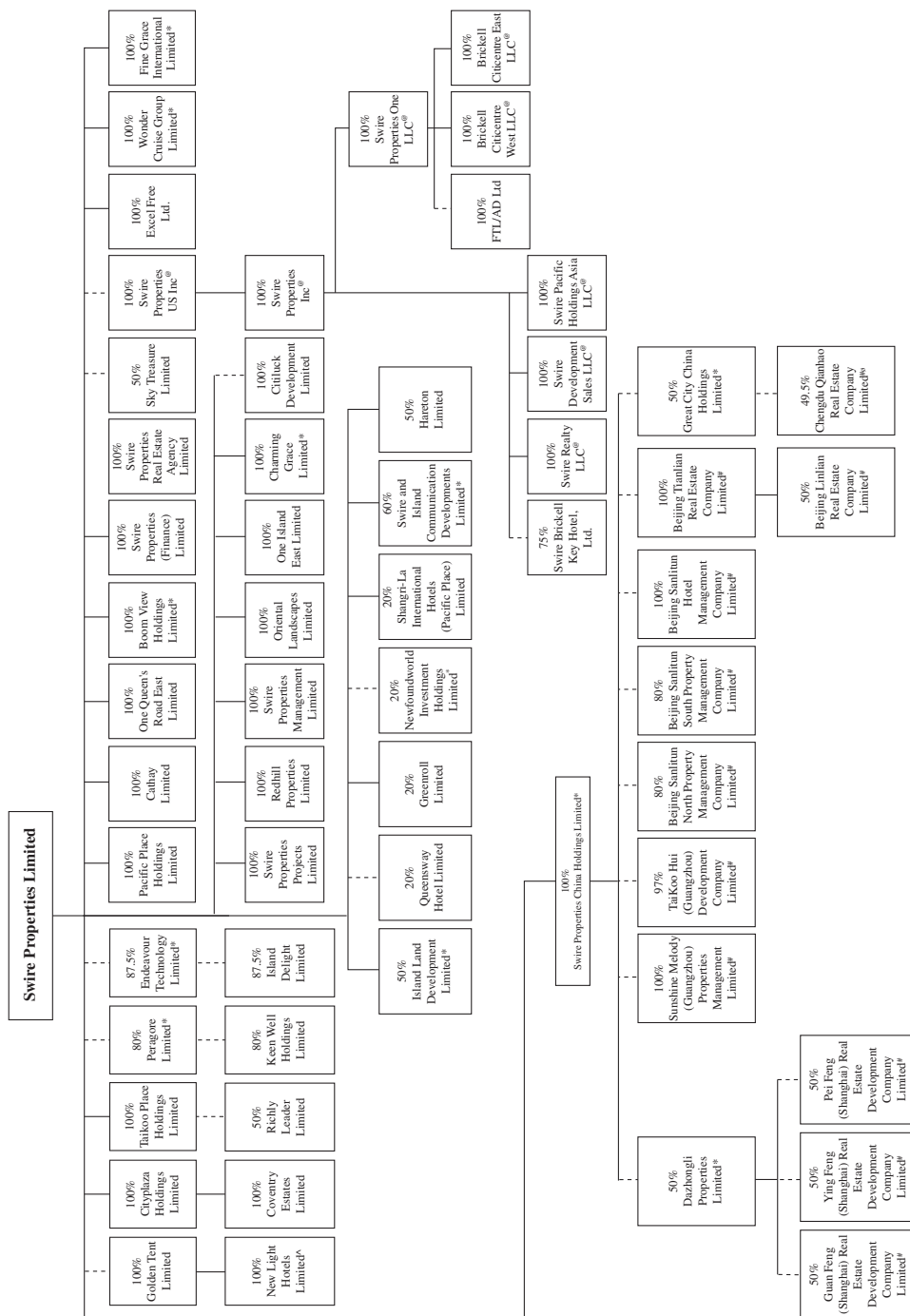
In June 1977, the Company became listed on the Stock Exchange for the first time and continued to be a subsidiary of Swire Pacific. In 1984, the Company was privatised by Swire Pacific and its listing on the Stock Exchange was removed voluntarily. Since 1984, the Company has been a wholly-owned subsidiary of Swire Pacific.

Further details of key developments in our business are set out in the section headed “Business — Competitive Strengths” in this listing document.

# HISTORY AND CORPORATE STRUCTURE

## CORPORATE STRUCTURE

The following chart sets out our corporate structure in simplified form. The percentage interest in the Company's subsidiaries, jointly controlled and associated companies shown within each box represents the percentage interest in the corresponding entity attributable to the Group.



Unless otherwise specified, all companies are incorporated in Hong Kong.

\* British Virgin Islands    \* China    ^ United Kingdom    @ United States

— direct ownership

- - - - - indirect ownership through intermediate subsidiaries or jointly controlled/associated companies

® - We have a 50% interest in the Daci Temple project.

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## THE SWIRE PACIFIC DISTRIBUTION AND THE SPIN-OFF

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### THE SWIRE PACIFIC DISTRIBUTION

On 21st December 2011, a board committee of Swire Pacific declared a conditional special interim dividend to the Qualifying Swire Pacific Shareholders, being registered holders of Swire Pacific Shares whose names appear on one or both of the registers of members of Swire Pacific on the Record Date. The Swire Pacific Distribution will be satisfied wholly by way of a distribution in specie to the Qualifying Swire Pacific Shareholders of an aggregate of 1,053,235,750 Shares, representing approximately 18% of the issued share capital of the Company, in proportion to their respective shareholdings in Swire Pacific on the Record Date. Pursuant to the Swire Pacific Distribution, the Qualifying Swire Pacific Shareholders will be entitled to seven Shares for every ten Swire Pacific 'A' Shares held and seven Shares for every 50 Swire Pacific 'B' Shares held on the Record Date. Fractional entitlements will be disregarded. (Please refer to the announcement of Swire Pacific dated 21st December 2011 for information about the special arrangements to facilitate the disposal of any Shares which the Qualifying Swire Pacific Shareholders may receive in odd lots.)

The Swire Pacific Distribution is conditional on the Listing Committee granting listing of, and permission to deal in, the Shares in issue on the Main Board of the Stock Exchange on or prior to the Long Stop Date. If such condition is not satisfied, the Swire Pacific Distribution will not be made and the Spin-off will not take place.

Share certificates are expected to be despatched to Qualifying Swire Pacific Shareholders (except for any Overseas Swire Pacific Shareholders) on 17th January 2012. Share certificates will only become valid if the Swire Pacific Distribution becomes unconditional.

Overseas Swire Pacific Shareholders (if any) will be entitled to the Swire Pacific Distribution but will not receive the Shares. Instead, the Shares which they would otherwise receive pursuant to the Swire Pacific Distribution will be sold by Swire Pacific on their behalf as soon as reasonably practicable after commencement of dealings in the Shares on the Stock Exchange and they will receive a cash amount equal to the net proceeds of such sale. The proceeds of such sale, net of expenses, will be paid to the Overseas Swire Pacific Shareholders in Hong Kong dollars. Such payment is expected to be made on or around 10th February 2012.

The Excluded Territories other than the U.S., if any, will be determined on the basis of the addresses of the Qualifying Swire Pacific Shareholders on the registers of members of Swire Pacific on the Record Date. In addition to the U.S., by reference to the registers of members of Swire Pacific as at the Latest Practicable Date, the Excluded Territories would have also included Australia, Canada and Malaysia. If the Excluded Territories other than the U.S. turn out to be different, Swire Pacific will announce, after the Record Date, the Excluded Territories (in addition to the U.S.). Such announcement is expected to be made on or before 10th January 2012.

With respect to the Excluded Territories, Swire Pacific will send a letter to CCASS Participants (other than CCASS Investor Participants) notifying them that in light of applicable laws and regulations of the Excluded Territories, to the extent they hold any Swire Pacific Shares on behalf of any Underlying Overseas Swire Pacific Shareholders, they should sell the Shares which they receive under the Swire Pacific Distribution on behalf of the Underlying Overseas Swire Pacific Shareholders and pay the net proceeds of such sale to such Underlying Overseas Swire Pacific Shareholders. None of the Company, Swire Pacific, the Joint Sponsors, any of our or their respective directors, officers or representatives or any other person involved in the Spin-off takes any responsibility for the sale of such Shares or the payment of the net proceeds of the sale of such Shares to any Underlying Overseas Swire Pacific Shareholders.

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## THE SWIRE PACIFIC DISTRIBUTION AND THE SPIN-OFF

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On 27th October 2011, Swire Pacific announced that as the reduction of its shareholding interest in the Company following completion of the Spin-off is by way of the Swire Pacific Distribution alone, the Spin-off will not be a transaction by Swire Pacific and accordingly there will be no requirement to comply with the notification or shareholders' approval requirements of Chapter 14 of the Listing Rules.

### REASONS FOR THE SPIN-OFF

In its announcement dated 27th October 2011, Swire Pacific stated that it considers that the Spin-off is in the interests of Swire Pacific and its subsidiaries (including the Group) and the Swire Pacific Shareholders taken as a whole as:

- (1) following completion of the Spin-off, the Company will be able to raise capital from the equity capital market in the future should the need arise; and
- (2) the expansion of the business of the Company which such capital raising will facilitate will in turn benefit Swire Pacific as Swire Pacific will remain a holding company of the Company after the completion of the Spin-off.

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## BUSINESS

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### OVERVIEW

We are a leading developer, owner and operator of mixed use, principally commercial, properties in Hong Kong and the PRC with a well-established record of creating long term value by transforming urban areas. Our business comprises three main areas: (i) property investment, that is the development, leasing and management of commercial, retail and some residential properties as a long term investment; (ii) property trading, that is the development and construction of properties, principally residential apartments, for sale; and (iii) investment in and operation of hotels.

### COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths which allow us to compete effectively in the real estate markets in which we operate.

#### **Ability to conceive, design, develop and manage mixed use commercial centres that successfully transform an urban area**

Our key competitive strength is our ability to conceive, design, develop and manage commercial projects that are transformational in terms of scale and impact and which create significant value. Our projects are designed so as to be the focal point of the surrounding urban areas and are usually connected to major transport links. Our retail malls draw customers and visitors both from the commercial, hotel and serviced apartment components of the developments and from surrounding areas.

Our strengths and capabilities in developing and managing transformational projects have been refined over nearly 40 years. In Hong Kong, the projects which we have developed include Pacific Place, TaiKoo Place, Cityplaza and Festival Walk. In the PRC, our projects include Sanlitun Village and TaiKoo Hui.

- **Hong Kong 1970s**

We transformed Taikoo Dockyard into Taikoo Shing in Quarry Bay, a residential project comprising over 12,000 units, and started developing Cityplaza, a major retail and office mixed use complex.

- **Hong Kong 1980s**

We transformed part of the former Victoria Barracks in Wanchai into Pacific Place. This large scale, high quality, mixed use development successfully redefined the boundaries of the central business district of Hong Kong.

- **Hong Kong 1990s**

We transformed a low density residential area with the Festival Walk development, a 1.2 million square feet retail and office complex in Kowloon Tong (where we had identified latent demand for such a complex).

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We created Hong Kong's first major commercial centre outside the central business district, at TaiKoo Place in Quarry Bay. To do so, we developed nearly five million square feet of office accommodation in nine separate but linked office towers, with excellent access to transport links.

- **The PRC and Hong Kong 2000s and 2010s**

We are creating a focal point within the Tianhe commercial district of Guangzhou with the TaiKoo Hui mixed use development. Like our Hong Kong developments, TaiKoo Hui is a large scale, retail-led integrated project and is connected to the local metro system.

We completed the transformation of an area adjacent to an embassy district in Beijing into Sanlitun Village. This development has reshaped the Sanlitun area by introducing a significant, modern and cosmopolitan retail complex to a popular area of Beijing.

We acquired from Sino-Ocean Land a 50% interest in the retail-led, mixed use INDIGO project in Jiang Tai in the Chaoyang district of Beijing.

We formed a joint venture with Sino-Ocean Land with a view to developing a site in the Daci Temple area in the Jinjiang District in Chengdu.

We continue to extend our core investment portfolio. At Island East (the collective name for TaiKoo Place and Cityplaza), we completed the One Island East office tower and opened EAST, Hong Kong. We extended Pacific Place with the addition of Three Pacific Place and opened The Upper House. We are undertaking office projects at 8 Queen's Road East and 28 Hennessy Road near to Three Pacific Place. We propose to expand Three Pacific Place with the redevelopment of two nearby buildings, subject to government approvals.

### **Ability to secure new projects and source land in prime locations**

Our experience and record of success as a developer of major commercial projects gives us a strong competitive advantage in securing new projects. This is particularly the case in the PRC where local governments wish to rejuvenate their cities. It also makes us an attractive joint venture partner for those with access to sites in prime locations in major cities in the PRC, in particular developers who have previously focused on residential developments for sale rather than commercial developments for investment. We in turn benefit from the experience of such developers in sourcing suitable land and in local construction management.

Our joint venture partners to date in the PRC are Guangzhou Da Yang Properties Investment Company Limited (under the Guangzhou Daily Group) (in relation to the TaiKoo Hui development in Guangzhou), HKR International (in relation to the Dazhongli development in Shanghai), GC Acquisitions VI Limited (managed by Gaw Capital Partners) (in relation to Sanlitun Village in Beijing) and Sino-Ocean Land (in relation to the INDIGO project in Beijing and the Daci Temple project in Chengdu).

We believe that we are attractive to joint venture partners because they consider that developing sites in joint venture with us instead of on their own is more likely to capture the long-term potential of the sites and their locations.



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## BUSINESS

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### **A strong brand and a reputation as a landlord of choice**

Our tenant base is large, diverse and loyal. We have over 1,800 tenants in total comprising many of the world's leading corporations and retailers.

We believe that our success in obtaining and retaining tenants reflects our long experience of managing high quality properties. We believe that we are a landlord of choice and that, assisted by the Swire brand, we have earned a reputation for owning premium quality properties and providing premium quality management. In general, we do not outsource property management. Integration of our leasing and management functions enables emphasis to be placed on long-term value creation and relationships.

Our retail tenants benefit from the visitor traffic generated by the scale of our developments, by the users of their non-retail elements, by their integration with transport links and by connections between buildings. This is reflected in high occupancy levels which were consistently close to 100% at most of our properties in Hong Kong during the Track Record Period.

Our office tenants benefit from efficient floor designs, effective building and management services and excellent transport links and connections between buildings. Other elements of our mixed use developments provide an exciting working environment. Our offices are concentrated in two core locations in Hong Kong. A range of different rental rates and floor plates are offered catering for differing tenant requirements. We believe this is reflected in consistently high rates of occupancy and tenant retention.

We refurbish, enhance and reinforce our property assets with a view to attracting and retaining tenants. For example, we converted serviced apartments into The Upper House hotel above Pacific Place and are close to completing the Pacific Place contemporisation project, which has enhanced both the interior and the exterior of the retail mall and is intended to enhance the lobbies of both One Pacific Place and Two Pacific Place.

We believe that our long standing tenant relationships and the strength of the Swire brand provide us with a significant competitive advantage as we expand into the PRC and lease our projects there. Our tenants in Hong Kong who plan to expand into the PRC can be confident of benefiting from the same high standards in the PRC as we maintain in Hong Kong. We believe this is reflected in the successful leasing of TaiKoo Hui, which opened in September 2011. As at 30th September 2011, the retail portion of TaiKoo Hui was 99.5% leased and the office portion was approximately 67% leased.

The average occupancy rate of our completed investment properties from 1st January 2008 to 30th June 2011 was 98%, 96% and 89% for office properties, retail properties and residential properties, respectively.

### **Commitment to high standards of corporate governance and experienced and capable management and operational teams**

We are committed to high standards of corporate governance. Our management includes real estate professionals with many years of experience in developing, managing and enhancing large scale properties. We offer to real estate professionals a dynamic work environment, varied career development opportunities and a reward system that is aligned to long term performance. Our professionals stay with us for a long time. This assists in maintaining a consistent approach to the

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conception, planning and execution of new projects and to the provision of high quality services at completed projects. Our staff include experienced operational teams which we deploy as necessary to our individual properties.

### **Our highly disciplined approach to investment and capital management**

Our investment process is highly disciplined both in terms of site selection and assessment of valuation. We carefully assess the long term potential of any site including its location, its transport links, the scale and mix of uses that can be accommodated, the opportunity for future growth and reinforcement and its ability to withstand competitive threats over the long term. We are disciplined in our valuation assessment and forgo opportunities where we believe the return may be unsatisfactory over the long term.

While we hold our investment properties for the long term, there may be circumstances in which we consider disposing of an asset. This may be where we believe market values have moved materially higher than intrinsic values, where we wish to reduce our borrowings or to provide capital to finance other investment opportunities. In August 2011, we completed the sale of Festival Walk, the proceeds of which were partly used to reduce our borrowings and provide us with the financial flexibility to take advantage of attractive investment opportunities. For details of our sale of Festival Walk, please refer to the section headed “Financial Information — Recent Developments — Sale of 100% Interest in Festival Walk”.

We manage our exposure to debt conservatively, seeking to maintain the strength of our balance sheet and an appropriate level of interest cover. Our investment properties generate stable and recurring income, which will increase as our investment properties under development progressively reach completion.

### **KEY BUSINESS STRATEGIES**

We intend to enhance our position as a leading developer, owner and operator of mixed use commercial properties in the PRC and Hong Kong by continuing to implement the following business strategies.

#### **Continue to create value through transformational projects**

Our aim is to continue to create long term value by conceiving, designing, developing, owning and managing transformational mixed use and other projects in urban areas. For this purpose, we will continue to select sites in urban areas which we believe are positioned to benefit from the spending power of the surrounding resident population.

We will continue to design projects which we believe will have the necessary scale, mix of uses and transport links to become key commercial destinations and to transform the areas in which they are situated.

We will continue to focus on the following types of high quality projects:

- (i) mixed use developments in central business districts, examples being Pacific Place in Hong Kong and TaiKoo Hui and Dazhongli in the PRC;

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- (ii) mixed use or commercial developments in affluent commercial and residential areas outside central business districts, examples being Festival Walk in Hong Kong and the INDIGO development in Beijing; and
- (iii) large scale office developments with a number of interconnected office towers and of sufficient scale to become leading decentralised office areas, TaiKoo Place in Hong Kong being an example of this type of development.

We have recently commenced two new retail-led mixed use projects both of which we believe have the location, scale, transport links and mix of uses to become significant and transformational destinations. The first is the Daci Temple project. This project will be developed into a street-style retail complex which will incorporate a number of heritage buildings. The site is in the centre of Chengdu with access to a future metro interchange station and is near to the Chunxi Road shopping precinct. The second is the Brickell CitiCentre project in Miami. The site is in the centre of Miami's Brickell financial district and is intended to comprise approximately 5.5 million square feet of retail, office, hotel and residential space.

### **Maximise the earnings and value of our completed properties through active asset management and by reinforcing our assets through enhancement, redevelopment and new additions**

We intend to manage our completed properties actively (including by optimising the mix of retail tenants and by early renewal negotiations with office tenants) and with a view to the long term, to maintain consistently high levels of service and to enhance and reinforce our assets. By doing so we believe that we will maximise the occupancy and earnings potential of our properties.

We intend to continue to enhance our existing assets. We believe that significant value will be created in the long term by additional investments in our existing assets, for example by refurbishing and repositioning them and by developing nearby properties.

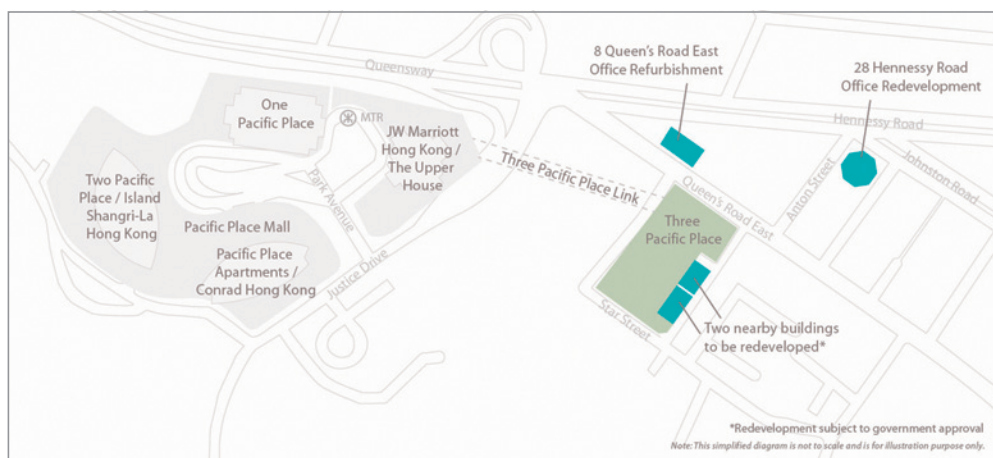
At and near Pacific Place, there are a number of initiatives. The Pacific Place contemporisation project has been substantially completed. The internal and external mall area has been successfully modernised. We are expanding in the area by developing two office buildings near to Three Pacific Place. 28 Hennessy Road is under construction and is expected to be completed in 2012. We have increased our interest in 8 Queen's Road East to 100% and have commenced a full refurbishment, which is due for substantial completion in 2012. We own approximately 14,000 square feet of ground floor retail space (including food and beverage outlets) in the Star Street area. We propose to expand Three Pacific Place with the redevelopment of two nearby buildings, subject to government approvals.

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Below is a plan showing Pacific Place and nearby buildings in which we have interest.



At Island East, we have secured planning approvals for our three Techno-centres to be redeveloped as Grade A office buildings. We plan to commence re-development of the first of these Techno-centres, Somerset House, in 2013 upon obtaining vacant possession. We are working on long term planning for Island East with a view to increasing its size and attractiveness to high quality tenants.

We are continuing to invest in further improvement works at Sanlitun Village designed to improve footfall and circulation. Management is focused on optimising the mix of retail tenants and rationalising the cost base at Sanlitun Village.

Tenants increasingly scrutinise the sustainable development credentials of landlords and buildings. We aim to be at the forefront of sustainable development by designing energy efficient buildings through the innovative use of design, materials and new technology. For example, in 2009 an office tower at our TaiKoo Hui development received a provisional gold rating from LEED. We will aim to achieve LEED gold rating for new projects in the PRC and equivalent accreditation for new projects in Hong Kong.

### **Continue to expand our luxury residential property activities**

We intend to broaden our business by expanding our luxury residential property activities. We have six luxury residential sites under development, four of which are located in Mid-Levels West, including the AZURA and ARGENTA projects. Two other sites, at Sai Wan Terrace, Quarry Bay and at 148 Argyle Street, Kowloon, are under development. In December 2011, following a tender, the Lands Department of the Government of Hong Kong awarded to us two adjacent residential sites at the junction of Tung Chung Road and South Lantau Road in Cheung Sha on Lantau Island in Hong Kong. The total premium payable is HK\$356.8 million. The two sites have a combined site area of approximately 14,960 square metres and a maximum GFA of 5,984 square metres. We plan to develop approximately 30 detached houses on the sites. The development is expected to be completed in 2015.

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We intend to continue to add to our existing residential investment portfolio, which includes luxury serviced apartments at Pacific Place. We have completed the acquisition of a property at 23 Tong Chong Street (near to our existing TaiKoo Place property), which we plan to redevelop into serviced apartments.

In addition to developing and managing properties owned by us, we are managing the redevelopment, leasing and property management of OPUS HONG KONG, a property at 53 Stubbs Road, The Peak, owned by Swire Pacific.

We will look to acquire appropriate sites for development of luxury residential projects for both trading and investment in each of the key markets in which we operate.

### **Remain focused principally on Hong Kong and the PRC**

- **Hong Kong**

We will continue to focus on reinforcing our existing investment property assets and seeking new sites suitable for transformational redevelopments.

We will continue to seek to acquire appropriate sites for residential projects, as to which see above under “Continue to expand our luxury residential property activities”.

- **PRC**

We aim to replicate in the PRC the success which we have enjoyed in Hong Kong. Over the last nine years, we have, in a measured manner, built up a high quality portfolio consisting of five large scale and well located mixed use projects. We have been in the PRC since 2002, when, with strong support from our joint venture partner, we started to develop independently the TaiKoo Hui project in Guangzhou. Since then we have made four further investments in the PRC. In 2006, we acquired an interest in the Dazhongli project in Shanghai. In 2007, we acquired an interest in Sanlitun Village in Beijing. In 2008, we acquired an interest in the INDIGO development in Jiang Tai in Beijing. In 2010, we commenced the Daci Temple project in Chengdu. In building up this portfolio, we believe that we have gained valuable experience which will help us to generate further growth for our PRC business.

We intend to take a measured approach to land purchases in the PRC. We will focus on developments where our track record and experience give us a competitive advantage and where we can secure sites through early engagement with local governments who recognise our strengths in developing large-scale mixed use projects.

We have four representative offices in the PRC. The offices are in Beijing, Shanghai, Guangzhou and Chengdu. We selected these cities as we believe they provide the best long term prospects for our type of mixed use developments. Beijing, Shanghai and Guangzhou are the three wealthiest cities in the PRC, with high economic growth, suitable demographic characteristics and strong spending power. We selected Chengdu (as the base for expansion in western China) because of its high population and economic growth and strong spending power.

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Each office is responsible for managing the development of existing projects and for exploring new investment opportunities. While we will remain primarily focused on consolidating our position in each city in which we have an office, we will increasingly use the offices as bases from which to research and analyse opportunities in nearby cities and surrounding provinces. This will give us coverage in four broad regional areas.

We will seek residential development opportunities in the PRC. These are likely to be ancillary to our mixed use developments. However, in the right locations and cities we may also consider standalone residential development opportunities. Our residential developments will be aimed at buyers of luxury properties, where we believe we have a competitive advantage.

We will continue to recruit professional staff in the PRC to meet our expansion needs. Training of our staff will continue to be a key priority. To this end, we will encourage senior PRC based managers to spend time with us in Hong Kong so that they can learn from our Hong Kong experience and about our corporate culture.

- **Other places**

While we will continue to concentrate on Hong Kong and the PRC, we intend to expand selectively. In Miami, we are working to develop the Brickell CitiCentre project, a mixed use project with a GFA of approximately 5.5 million square feet. We are also exploring opportunities in Singapore.

### **Manage our capital base conservatively**

We intend to maintain a strong balance sheet with a view to investing in and financing our projects in a disciplined and targeted manner.

We aim to maintain exposure to a range of debt maturities and a range of debt types and lenders. Our current debt profile, through the Inter-group Loan Agreements (see the section headed “Relationship with the Controlling Shareholders — Relationship with the Controlling Shareholders — Inter-group Funding” in this listing document) which substantially mirror the terms and maturity profile of the underlying borrowings of the Retained Group from third parties and the Group’s term facilities with third party lenders, reflects a mix of revolving and term bank loans, medium term notes and perpetual securities.

## **OUR PROPERTY PORTFOLIO**

### **Overview**

We own a substantial portfolio of predominantly commercial mixed use properties in prime locations, with an aggregate GFA attributable to the Group of approximately 33.0 million square feet and a total value of HK\$221.1 billion as at 30th September 2011.

The chart below breaks down our property portfolio by type of property, on the basis of values attributable to the Group as at 30th September 2011.

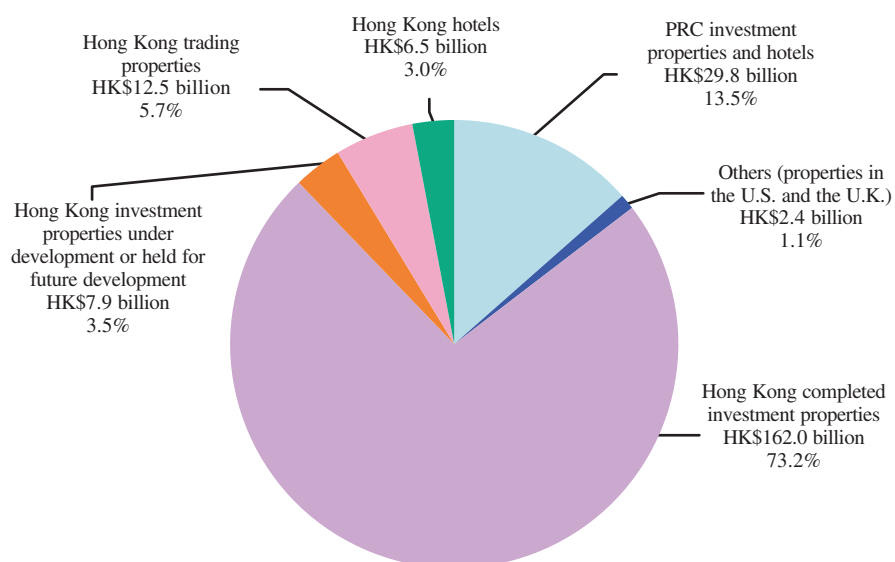
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All the valuations cited in this section are derived from professional valuations, including those in the property valuation reports contained in Appendix III to this listing document.

**Property portfolio composition by type and location**  
**(based on values attributable to the Group as at 30th September 2011)**



Out of the aggregate GFA attributable to the Group of approximately 33.0 million square feet, approximately 27.1 million square feet are investment properties, comprising completed investment properties of approximately 19.1 million square feet of GFA and investment properties under development or held for future development of approximately 8.0 million square feet of GFA as at 30th September 2011. In Hong Kong, this investment property portfolio comprises approximately 14.4 million square feet of GFA attributable to the Group of primarily Grade A office and retail premises in prime locations as well as hotel interests, serviced apartments and other luxury residential accommodation. In the PRC, we have interests in five major commercial mixed use developments in prime locations in Beijing, Shanghai, Guangzhou and Chengdu, which are expected to comprise approximately 9.0 million square feet of attributable GFA on completion. Outside Hong Kong and the PRC, our investment property portfolio includes interests in hotels in the United States and the U.K..

We may further expand our property trading business as and when appropriate opportunities arise. If we do so, the nature of our business may change. We may incur substantial capital expenditures on the development of properties for sale. Our results of operations may be affected by short term fluctuations in the property market to a greater extent than it is now.

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### Investment properties

The tables below illustrate the GFA (attributable to the Group) of our investment property portfolio as at 30th September 2011.

#### Completed investment properties (GFA attributable to the Group in million square feet)

	Office	Retail	Hotels	Residential/ Serviced Apartments	Total
Hong Kong .....	10.5	2.4	0.7	0.6	14.2
PRC .....	1.7	2.5	0.2	0.0	4.4
Others .....	0.0	0.0	0.5	0.0	0.5
<b>TOTAL .....</b>	<b>12.2</b>	<b>4.9</b>	<b>1.4</b>	<b>0.6</b>	<b>19.1</b>

#### Investment properties under development or held for future development (expected GFA attributable to the Group in million square feet)

	Office	Retail	Hotels	Residential/ Serviced Apartments	Total
Hong Kong .....	0.1	0.0	0.0	0.1	0.2
PRC .....	1.8	1.6	1.1	0.1	4.6
Others .....	1.6	1.3	0.2	0.1	3.2
<b>TOTAL .....</b>	<b>3.5</b>	<b>2.9</b>	<b>1.3</b>	<b>0.3</b>	<b>8.0</b>

#### Total investment properties (GFA (or expected GFA) attributable to the Group in million square feet)

	Office	Retail	Hotels	Residential/ Serviced Apartments	Total
<b>TOTAL .....</b>	<b>15.7</b>	<b>7.8</b>	<b>2.7</b>	<b>0.9</b>	<b>27.1</b>

### Trading properties

Our trading property portfolio comprises land and apartments under development in Hong Kong and Florida, the United States. Our trading property portfolio includes the remaining units for sale at 5 Star Street in Hong Kong and at the ASIA residential development in Miami, the United States. We are pre-selling our residential development, AZURA, in Hong Kong.



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The table below illustrates the GFA (or expected GFA) attributable to the Group of our trading property portfolio as at 30th September 2011:

**Trading properties**  
**GFA (or expected GFA) attributable to the Group (in million square feet)**

	<u>Completed</u>	<u>Under development or held for future development</u>	<u>Total</u>
Hong Kong .....	0.0	1.0	1.0
Others .....	0.1	4.7 <sup>(1)</sup>	4.8
TOTAL .....	<u>0.1</u>	<u>5.7</u>	<u>5.8</u>

*Note:*

(1) The residential portion of the Brickell CitiCentre project is treated as a trading property.

### Classifications of our properties

In this listing document, unless the context requires otherwise:

- investment properties are properties which we hold for long term investment;
- trading properties are properties which we hold for sale;
- completed properties are properties in respect of which we have obtained occupation permits;
- properties under development are properties in respect of which we have commenced development works; and
- properties held for future development are properties which we hold but in respect of which we have not commenced development works.

### COMPLETED INVESTMENT PROPERTY PORTFOLIO

Our completed investment property portfolio comprised an aggregate GFA attributable to the Group of approximately 19.1 million square feet as at 30th September 2011. Our completed investment properties mainly comprise Grade A office space in Hong Kong, upmarket shopping malls located in prime locations in Hong Kong and the PRC, and hotels in Hong Kong, the PRC, the United States and the United Kingdom.

The table below sets forth the GFA and other information of the principal properties in our completed investment property portfolio as at 30th September 2011. Information in the table below in respect of each property (other than its valuation) is disclosed in respect of 100% of that property and not on an attributable basis, regardless of whether the property is held through a member of the Group or a jointly controlled or an associated company. Valuations in the table below in respect of each property are disclosed on an attributable basis.

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### PRINCIPAL COMPLETED INVESTMENT PROPERTIES

#### Hong Kong

Name of project	GFA (in sq.ft.)	LFA (in sq.ft.)	Number of hotel rooms/ apartments	Number of carparking spaces	Attributable to the Group (%)	Tenure (year of leasehold expiry)	Year completed	Attributable independent valuation as at 30th September 2011 (HK\$ million)	Average occupancy rate in the first half of 2011 (%)	Average effective rent (per square foot) for retail and office and RevPAR for hotels in the first half of 2011 (HK\$)
<b>Mixed use projects</b>										
<b>Pacific Place</b>										
Office <sup>(1)</sup> .....	2,186,433	1,867,834	N/A	111 <sup>(2)</sup>	100.0	2047-2852 <sup>(3)</sup>	1988-2007 <sup>(4)</sup>	50,684	100.0	68.8
Retail <sup>(5)</sup> .....	711,182	470,499	N/A	470	100.0	2047/2135 <sup>(6)</sup>	1988-1990	25,661	100.0	154.6
Apartments .....	443,075	442,800	270 <sup>(7)</sup>	—	100.0	2047	1990	8,400	85.3	61.4
Hotel - The Upper House .....	158,738	N/A	117	—	100.0	2135	2009	2,350	75.8	2,874
Other hotels <sup>(8)</sup> .....	1,687,222	N/A	1,680	—	20.0	2047/2135 <sup>(9)</sup>	1988-1991 <sup>(10)</sup>	2,744	N/A	N/A
<b>TaiKoo Place</b>										
One Island East .....	1,537,011	1,244,498	N/A	—	100.0	2881/2899 <sup>(11)</sup>	2008	14,220	100.0	31.8
Techno-centres <sup>(12)</sup> .....	1,816,667	N/A	N/A	285	100.0	2881	1979-1988 <sup>(13)</sup>	7,900	96.4	16.7
TaiKoo Place Office Towers <sup>(14)</sup> .....	3,136,541	2,750,752	N/A	1,089 <sup>(15)</sup>	50.0-100.0 <sup>(16)</sup>	2881/2899 <sup>(29)</sup>	1993-2003 <sup>(17)</sup>	22,803	99.0	27.5
<b>Cityplaza</b>										
Cityplaza One, Three and Four .....	1,632,930	1,389,570	N/A	10 <sup>(18)</sup>	100.0	2899	1991-1997 <sup>(19)</sup>	12,661	98.2	25.9
Cityplaza (retail) .....	1,105,227	679,540	N/A	834	100.0	2899	1983-2000 <sup>(20)</sup>	9,267	100.0	49.7
Commercial areas in TaiKoo Shing										
(Stages I-X) .....	331,079	326,891	N/A	3,826	100.0	2081/2899 <sup>(21)</sup>	1977-1985	2,931	100.0	48.0
Hotel - EAST, Hong Kong .....	199,633	N/A	345	—	100.0	2899	2009	1,260	86.9	1,135
<b>Citygate</b>										
Tung Chung Crescent (retail area) .....	36,053	35,616	N/A	—	20.0	2047	1998-1999	78	87.3	71.1
One Citygate (office) .....	160,522	152,280	N/A	—	20.0	2047	1999	68	59.1	15.5
Citygate Outlets (retail) .....	462,439	331,143	N/A	1,156 <sup>(22)</sup>	20.0	2047	1999-2000	885	100.0	43.5
Hotel - Novotel Citygate Hong Kong .....	236,653	N/A	440	7	20.0	2047	2005	186	N/A	N/A

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Name of project	GFA (in sq.ft.)	LFA (in sq.ft.)	Number of hotel rooms/ apartments	Number of carparking spaces	Attributable to the Group (%)	Tenure (year of leasehold expiry)	Year completed	Attributable independent valuation as at 30th September 2011 (HK\$ million)	Average occupancy rate in the first half of 2011 (%)	Average rent (per square foot) for retail and office and RevPAR for hotels in the first half of 2011 (HK\$)
<b>Other retail or office</b>										
Island Place (shopping centre podium including parking spaces) .....	150,223	78,568	N/A	288	60.0	2047	1996	495	100.0	32.6
StarCrest (retail area and car parks) .....	13,112	10,760	N/A	83	100.0	2047	1999	191	100.0	39.4
21, 23, 25, 27 and 29 Wing Fung Street, Wanchai .....	14,039	N/A	N/A	—	100.0	2856	1992/2006	269	100.0	46.4
625 King's Road (office building) .....	301,065	273,995	N/A	84	50.0	2108	1998	833	98.4	17.3
8 Queen's Road East, formerly called Sincere Insurance Building <sup>(23)</sup> .....	81,346	N/A <sup>(23)</sup>	N/A	—	100.0	2113/ 2089/2103/	1968	810	N/A	N/A
<b>Residential</b>										
Rocky Bank, 6 Deep Water Bay Road .....	14,768	N/A	N/A	—	100.0	2099	1981	742	100.0	N/A
House B, 36 Island Road, Deep Water Bay ...	2,644	N/A	N/A	—	100.0	2097	1980	163	100.0	N/A
Eredine, 38 Mount Kellett Road, The Peak <sup>(24)</sup> .....	23,224	N/A	N/A	7	100.0	2038	1965	555	90.3	N/A

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### PRC

Name of project	GFA	LFA	Number of hotel rooms/ apartments	Number of carparking spaces	Attributable to the Group (%)	Tenure (year of leasehold expiry)	Year completed	Attributable independent valuation as at 30th September 2011 (RMB in millions)	Average occupancy rate in the first half of 2011 <sup>(25)</sup> (%)	Average effective rent (per square foot) for retail and office and RevPAR for hotels in the first half of 2011 (RMB)
<b>Mixed use projects</b>										
<b>Sanlitun Village, Beijing</b>										
Retail - Village South .....	776,909 sq.ft. (or 72,177 sq.m.)	564,561 sq.ft. (or 52,449 sq.m.)	N/A	451	80.0	2044	2007	3,576	91.4	36.3
Retail - Village North .....	519,399 sq.ft. (or 48,253 sq.m.)	367,418 sq.ft. (or 34,134 sq.m.)	N/A	410	80.0	2044	2007	2,173	83.3	13.1
Hotel - The Opposite House .....	169,463 sq.ft. (or 15,744 sq.m.)	N/A	99	32	100.0	2044	2007	580	70.3	1,197
<b>TaiKoo Hui, Guangzhou</b>										
Retail .....	1,484,743 sq.ft. (or 137,936 sq.m.)	622,213 sq.ft. (or 57,805 sq.m.)	N/A	718	97.0	2051	2011	5,614	N/A	N/A
Office .....	1,723,424 sq.ft. (or 160,110 sq.m.)	N/A <sup>(26)</sup>	N/A	—	97.0	2051	2011	3,051	N/A	N/A
Hotel <sup>(27)</sup> .....	588,231 sq.ft. (or 54,648 sq.m.)	N/A	263	—	97.0	2051	2012	645	N/A	N/A
Serviced Apartments <sup>(27)</sup> .....	52,797 sq.ft. (or 4,905 sq.m.)	N/A	24	—	97.0	2051	2012	36	N/A	N/A
<b>Other retail</b>										
Beaumonde Retail Podium, Guangzhou	90,847 sq.ft. (or 8,440 sq.m.)	56,888 sq.ft. (or 5,285 sq.m.)	N/A	100	100.0	2044	2007/2008	385	100.0	23.1

**United States**

Name of project	GFA (in sq.ft.)	LFA (in sq.ft.)	Number of hotel rooms/ apartments	Number of carparking spaces	Attributable to the Group (%)	Tenure (year of leasehold expiry)	Year completed	Attributable independent valuation as at 30th September 2011 (USD in millions)	Average occupancy rate in first half of 2011 (%)	Average effective rent (per square foot) for retail and office and RevPAR for hotels in the first half of 2011 (US\$)
<b>Hotel</b>										
The Mandarin Oriental, Miami .....	345,000	N/A	326	600	75.0	Freehold	2000	96	78	259

**United Kingdom**

Name of project	GFA (in sq.ft.)	LFA (in sq.ft.)	Number of hotel rooms/ apartments	Number of carparking spaces	Attributable to the Group (%)	Tenure (year of leasehold expiry)	Year completed	Attributable independent valuation as at 30th September 2011 (£ in millions)	Average occupancy rate in the first half of 2011 (%)	Average effective rent (per square foot) for retail and office and RevPAR for hotels in the first half of 2011 (£)
<b>Hotels</b>										
The Montpelier Chapter, Cheltenham (formerly called Hotel Kandinsky, Cheltenham) .....	36,662	N/A	61	24	100.0	freehold	2010	19	51	54
The Magdalen Chapter, Exeter (formerly called Hotel Barcelona, Exeter) (28) ....	23,030	N/A	59	10	100.0	freehold	2001	9	N/A (28)	N/A (28)
Hotel Seattle, Brighton .....	48,416	N/A	71	N/A	100.0	2037	2003	Nil	68	63
Avon Gorge Hotel, Bristol .....	87,608	N/A	75	20	100.0	freehold	1855	9	70	48

Notes:

- (1) Comprises One Pacific Place, Two Pacific Place and Three Pacific Place.
- (2) For Three Pacific Place only.
- (3) Leasehold for One Pacific Place expires in 2135. Leasehold for Two Pacific Place expires in 2047. Leasehold for the different lots comprising Three Pacific Place expires between 2050-2852.
- (4) One Pacific Place was completed in 1988. Two Pacific Place was completed in 1990. Three Pacific Place was completed in 2004/2007.
- (5) Refers to The Mall at Pacific Place.
- (6) Leasehold for the two lots comprising The Mall at Pacific Place expires in 2047 or 2135.
- (7) These are serviced suites.
- (8) Comprises the JW Marriott Hotel Hong Kong, the Conrad Hong Kong and the Island Shangri-La Hong Kong.
- (9) The leases for the Conrad Hong Kong and the Island Shangri-La Hong Kong expire in 2047. The lease for the JW Marriott Hotel Hong Kong expires in 2135.
- (10) The JW Marriott Hotel Hong Kong was completed in 1988. The Conrad Hong Kong was completed in 1990. The Island Shangri-La Hong Kong was completed in 1991.
- (11) Leaseholds for the eight lots comprising One Island East expire in 2881 or 2899.
- (12) "Techno-centres" comprise Warwick House, Cornwall House (excluding the portion owned by The Financial Secretary Incorporated) and Somerset House. Somerset House is proposed to be redeveloped starting in 2013. In this listing document, unless the context otherwise requires, the Techno-centres are treated as office properties.
- (13) Warwick House was completed in 1979. Cornwall House was completed in 1984. Somerset House was completed in 1988.
- (14) TaiKoo Place Office Towers comprise Devon House, Dorset House, Lincoln House, Oxford House, Cambridge House and PCCW Tower.
- (15) There are 311 car parking spaces for Devon House, 215 car parking spaces for Dorset House, 164 car parking spaces for Lincoln House, 182 car parking spaces for Oxford House and 217 car parking spaces for PCCW Tower. There are no car parks for Cambridge House.
- (16) The Company owns a 50% interest in PCCW Tower with a total GFA of 620,148 sq.ft., 100% of which has been included in the table above with the exception of attributable independent property valuation. The Company wholly owns the other TaiKoo Place Office Towers.
- (17) Devon House was completed in 1993. Dorset House was completed in 1994. Lincoln House was completed in 1998. Oxford House was completed in 1999. Cambridge House was completed in 2003. PCCW Tower was completed in 1994.
- (18) There are 10 car parking spaces for Cityplaza Three. There are no car parking spaces for Cityplaza One and Cityplaza Four.
- (19) Cityplaza One was completed in 1997. Cityplaza Three was completed in 1992. Cityplaza Four was completed in 1991.
- (20) Different parts/phases of the retail portion of Cityplaza were completed and/or renovated in 1983, 1987, 1997 and 2000.
- (21) The leases for the lots comprising the Commercial areas in Stages I-X of Taikoo Shing will expire in 2081 or 2899.
- (22) Total number of car parking spaces for both One Citygate and Citygate Outlets.
- (23) Refurbishment in progress.
- (24) The Group owns flats 1B, 2C, 3A, 4A, 4C, 5B and 7B.
- (25) The average occupancy rate of any property which was opened in 2011 is in respect of the period from the date of its opening to 30th June 2011.
- (26) Leased on a GFA basis.
- (27) Not all government permits and approvals for the opening have been obtained.
- (28) Closed for renovation.
- (29) The leases for Devon House, Dorset House, Lincoln House, Cambridge House and PCCW Tower expire in 2881. The lease for Oxford House expires in 2899.

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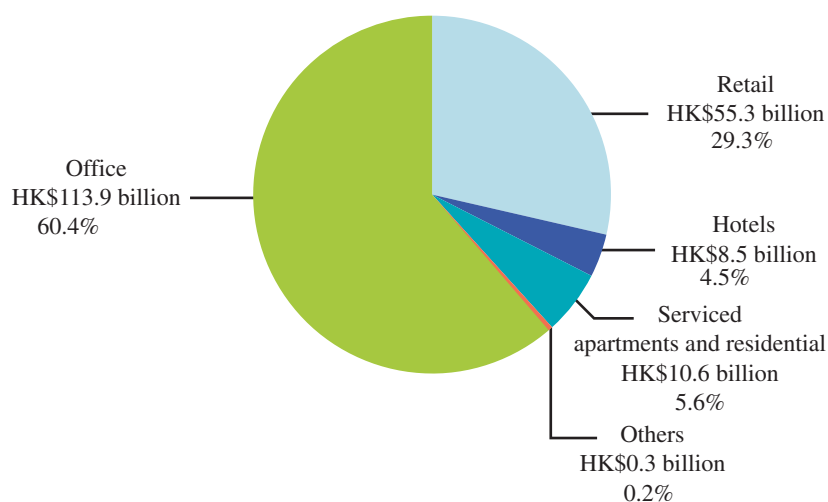
## BUSINESS

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As at 30th September 2011, our completed investment property portfolio comprised office space with a total GFA attributable to the Group of approximately 12.2 million square feet, retail space with a total GFA attributable to the Group of approximately 4.9 million square feet, hotels with a total GFA attributable to the Group of approximately 1.4 million square feet and residential units with a total GFA attributable to the Group of approximately 0.6 million square feet.

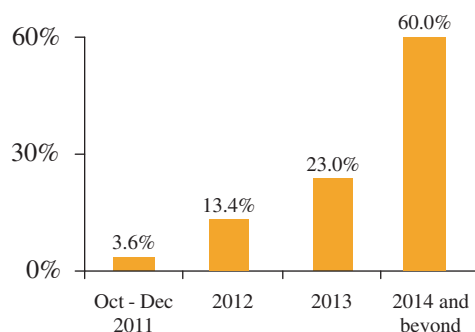
The chart below breaks down our completed investment property portfolio by type, on the basis of values attributable to the Group as at 30th September 2011.

**Completed investment property portfolio by type**  
(based on values attributable to the Group as at 30th September 2011)



The following charts show as at 30th September 2011 the percentage of the total rental income attributable to the Group from office and retail properties, for the month ended 30th September 2011, derived from leases expiring in the periods indicated below.

**Lease expiry profile**  
**Office**

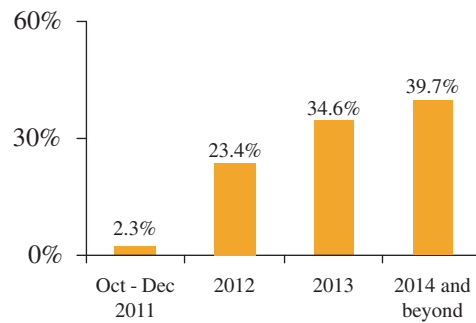


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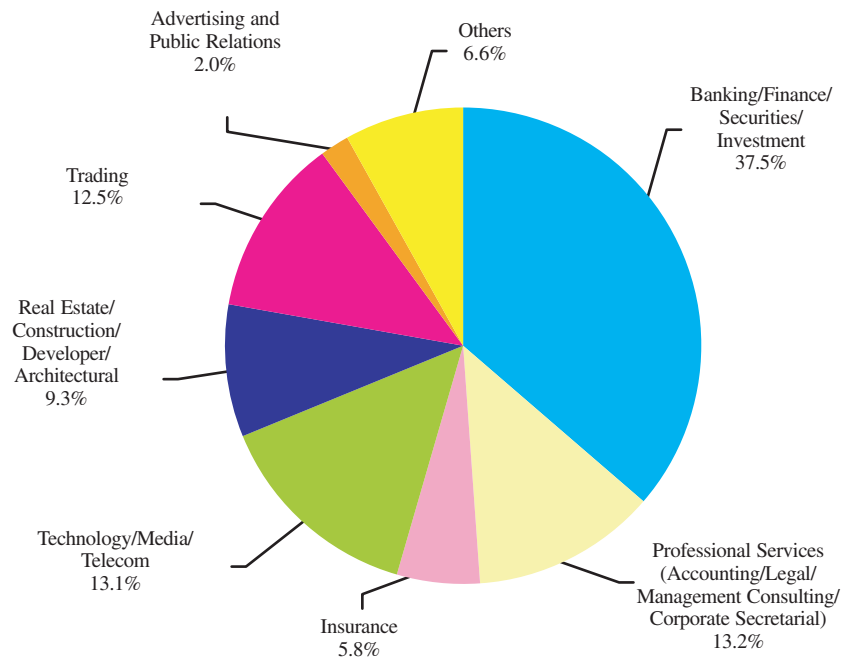
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### Lease expiry profile Retail



The charts below show the mix of the tenants of our office properties by the principal nature of their businesses (based on our own internal classifications), as a percentage of our office rental income attributable to the Group for the month ended 30th June 2011 and as a percentage of the office LFA attributable to the Group as at 30th June 2011.

### Office rental income attributable to the Group by tenants' trades (For the month ended 30th June 2011)



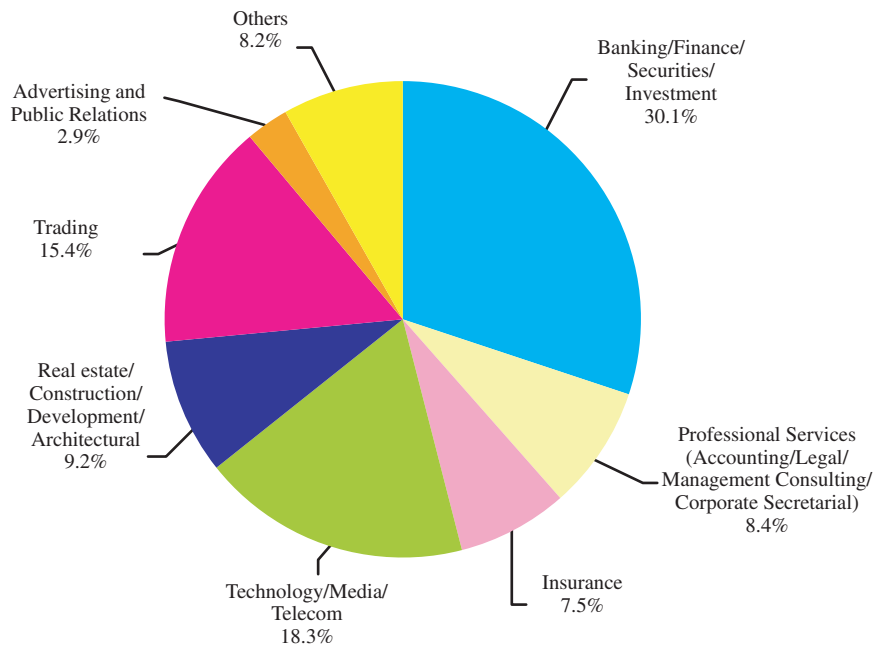


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## BUSINESS

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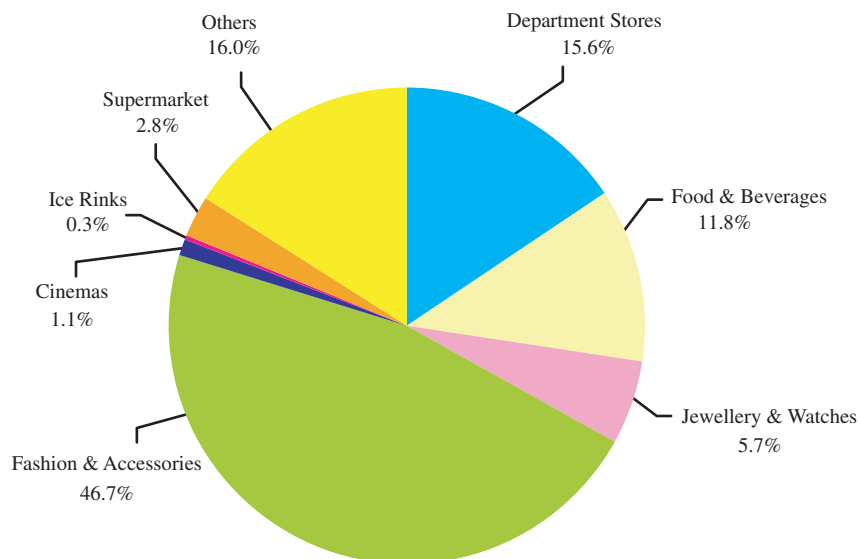
### Office LFA attributable to the Group by tenants' trades (As at 30th June 2011)



As at 30th June 2011, our top ten office tenants (based on rental income for the six months ended 30th June 2011) together occupied approximately 20% of our total office LFA in Hong Kong.

The charts below show the mix of the tenants of our retail investment properties by the principal nature of their businesses (based on our internal classifications), as a percentage of our retail rental income attributable to the Group for the month ended 30th June 2011 and as a percentage of the retail LFA attributable to the Group as at 30th June 2011.

### Retail rental income attributable to the Group by tenants' trades (For the month ended 30th June 2011)

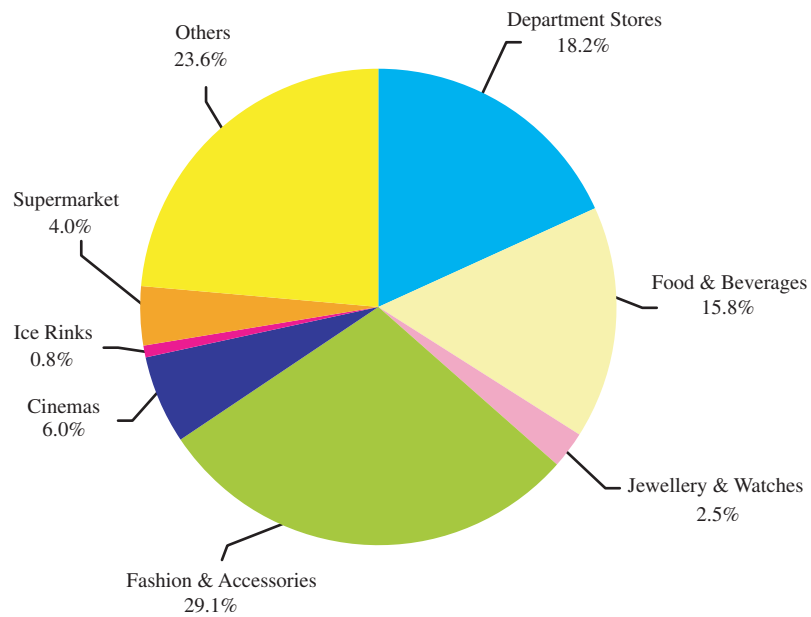


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## BUSINESS

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### Retail LFA attributable to the Group by tenants' trades (As at 30th June 2011)



As at 30th June 2011, our top ten retail tenants (based on rental income for the six months ended 30th June 2011) together occupied approximately 32% of our total retail LFA in Hong Kong.

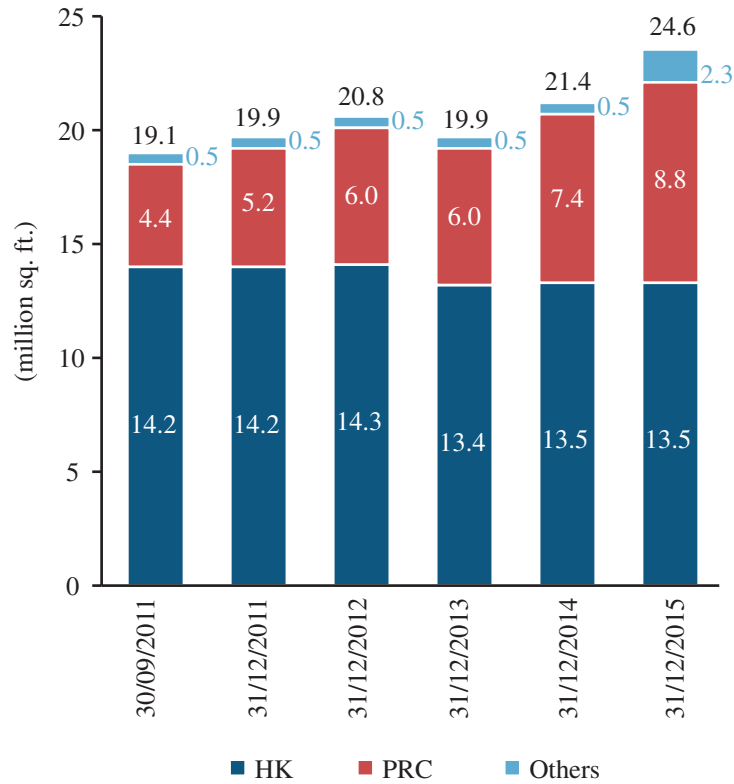
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## BUSINESS

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The chart below shows the total GFA as at 30th September 2011, and the estimated total GFA as at 31st December 2011, 2012, 2013, 2014 and 2015, of our completed investment property portfolio (on an attributable basis) in Hong Kong, the PRC and other locations.

**Attributable GFA of completed investment property portfolio**



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## BUSINESS

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### Completed Investment Properties - Hong Kong

The following map illustrates the locations of our principal completed investment properties in Hong Kong:



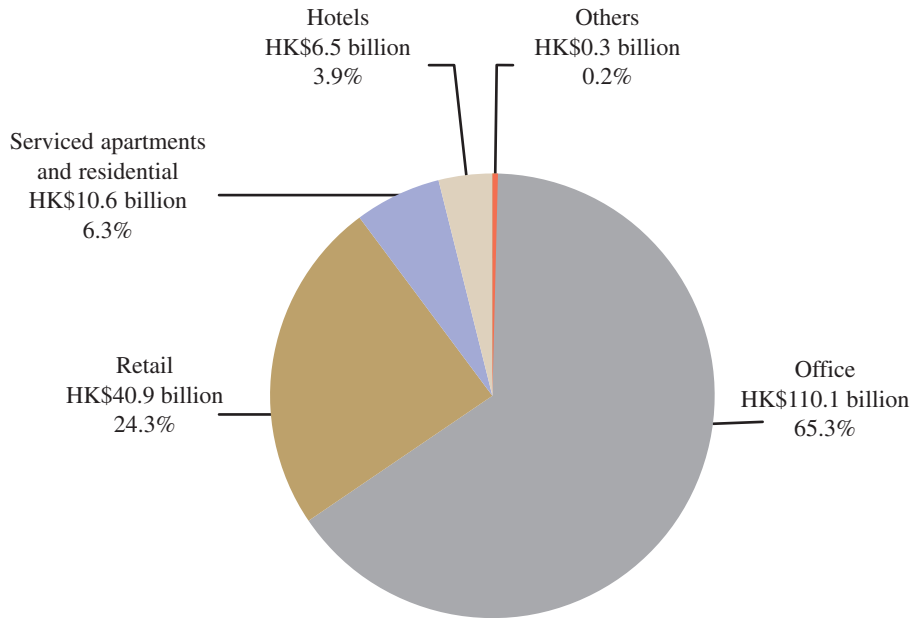
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## BUSINESS

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The chart below breaks down our Hong Kong completed investment property portfolio by type, on the basis of values attributable to the Group as at 30th September 2011.

**Hong Kong completed investment property portfolio by type  
(based on values attributable to the Group as at 30th September 2011)**



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## BUSINESS

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### *Office and Retail*

#### (i) *Pacific Place (太古廣場)*



Pacific Place is located at 88 Queensway, Admiralty, in the central business district of Hong Kong. The site was formerly part of the military installation of Victoria Barracks and was transformed into a commercial complex with a total LFA of 2,781,133 square feet, comprising office space of 1,867,834 square feet, retail space of 470,499 square feet and serviced apartment space of 442,800 square feet. Pacific Place is linked to the Admiralty MTR station, which is the interchange for the Island Line and the Tsuen Wan Line of the Hong Kong MTR system.

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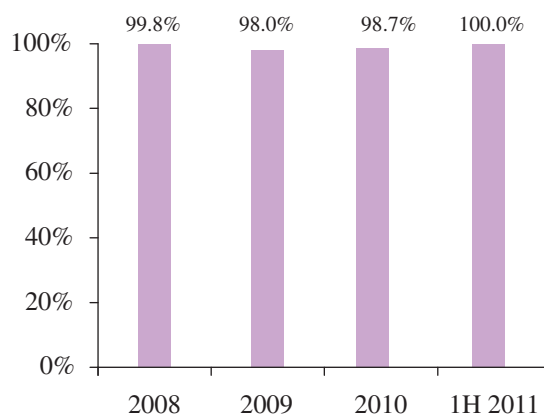
## BUSINESS

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The complex includes three Grade A office towers, which are wholly-owned by our Group: One Pacific Place with 36 office floors, which was completed in 1988, Two Pacific Place with 27 office floors, which was completed in 1990, and Three Pacific Place with 36 office floors, which was completed in 2004. As at 30th June 2011, there were a total of 110 tenants in One, Two and Three Pacific Place. The five largest tenants (in terms of rental income for the month ended 30th June 2011 and excluding the Group itself) in One, Two and Three Pacific Place were (in alphabetical order) Baker & McKenzie, Credit Agricole Group, Daiwa Securities Group, Deloitte Touche Tohmatsu and Société Générale. These five largest tenants contributed 29.0% of the total rental income of One, Two and Three Pacific Place for the month ended 30th June 2011 and accounted for 33.1% of the total leased area of One, Two and Three Pacific Place as at 30th June 2011.

The chart below shows the average occupancy rate of One, Two and Three Pacific Place for the Track Record Period. The occupancy rate as at 30th September 2011 was 99.6%.

**Average occupancy rate  
One, Two and Three Pacific Place**



The following table shows the average effective rent and the net rental income of One, Two and Three Pacific Place for the periods indicated.

**Average effective rent and net rental income  
One, Two and Three Pacific Place**

	Average effective rent (per square foot)	Net rental income (in millions)
<b>Year ended 31st December</b>		
2008	HK\$52.6	HK\$1,308.0
2009	HK\$62.4	HK\$1,545.0
2010	HK\$65.7	HK\$1,537.6
<b>Six months ended 30th June 2011</b>	HK\$68.8	HK\$815.2

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## BUSINESS

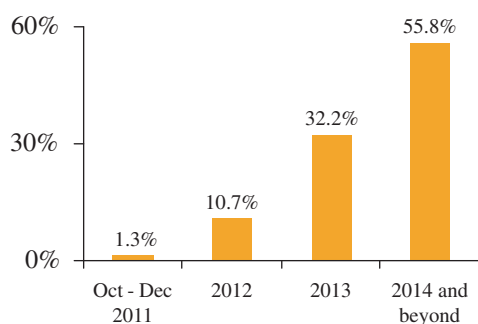
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The average effective rent for the six months ended 30th June 2011 was HK\$68.8 per square foot. The Company estimates that as at 30th September 2011, the market rents for space at One, Two and Three Pacific Place in general ranged from HK\$90 per square foot to HK\$120 per square foot.

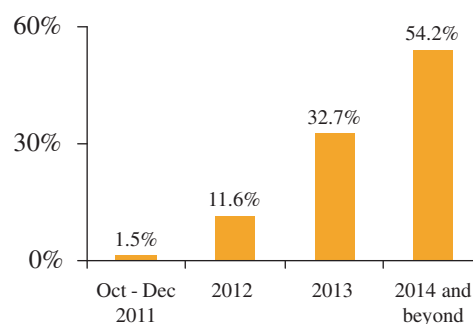
The rental reversion achieved on new leases in respect of space attributable to leases expiring in 2011 is 27.0%. The retention rate in 2011 is 48.7%.

The weighted average lease term to expiry for One, Two and Three Pacific Place was approximately 3.4 years as at 30th September 2011. The charts below show the percentage of the total leased area of One, Two and Three Pacific Place taken up as at 30th September 2011 by leases expiring in the periods shown and the percentage of total rental income of One, Two and Three Pacific Place for the month ended 30th September 2011 attributable to those leases.

**Lease expiry (by leased area)  
One, Two and Three Pacific Place**



**Lease expiry (by rental income)  
One, Two and Three Pacific Place**



Pacific Place also includes The Mall at Pacific Place, one of the premier shopping malls in Hong Kong, with a total LFA of 470,499 square feet. As at 30th June 2011, there were a total of 129 tenants in The Mall at Pacific Place. The five largest tenants (in terms of rental income for the month ended 30th June 2011) in The Mall at Pacific Place were (in alphabetical order) CHANEL, Dickson Concepts Group, Lane Crawford, LVMH Group and Richemont. These five largest tenants contributed 33.9% of the total rental income of The Mall at Pacific Place for the month ended 30th June 2011 and accounted for 39.6% of the total leased area of The Mall at Pacific Place as at 30th June 2011.

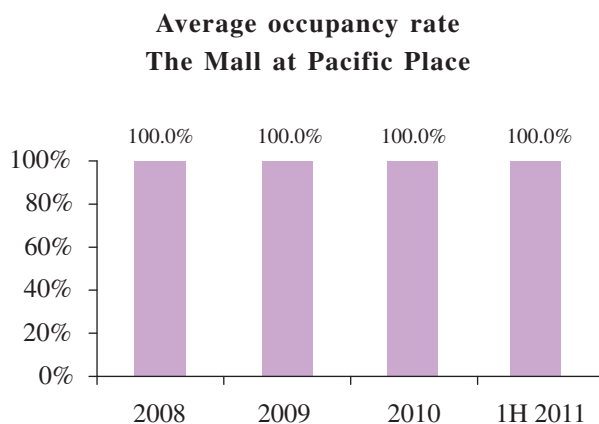


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## BUSINESS

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The chart below shows the average occupancy rate of The Mall at Pacific Place for the Track Record Period. The occupancy rate as at 30th September 2011 was 100%.



The following table shows the average effective rent and the net rental income of The Mall at Pacific Place for the periods indicated.

**Average effective rent and net rental income  
The Mall at Pacific Place**

	Average effective rent (per square foot)	Average effective total rent (per square foot)	Net rental income (in millions)
<b>Year ended 31st December</b>			
2008	HK\$134.4	HK\$164.3	HK\$935.4
2009	HK\$137.8	HK\$165.9	HK\$950.6
2010	HK\$149.4	HK\$191.1	HK\$1,102.1
<b>Six months ended 30th June 2011</b>	HK\$154.6	HK\$207.0	HK\$608.0

The rental reversion achieved on new leases in respect of space attributable to leases expiring in 2011 is 4.3%. The retention rate in 2011 is 59.5%.

The total sales turnover of our tenants at The Mall at the Pacific Place for the six months ended 30th June 2011 was 21% higher than that for the six months ended 30th June 2010. The occupancy cost ratio at The Mall at the Pacific Place was 15.4% for the six months ended 30th June 2011.

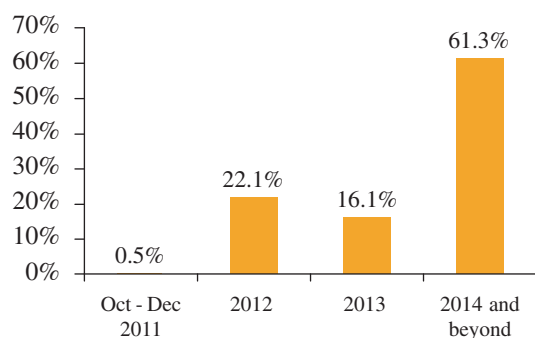
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## BUSINESS

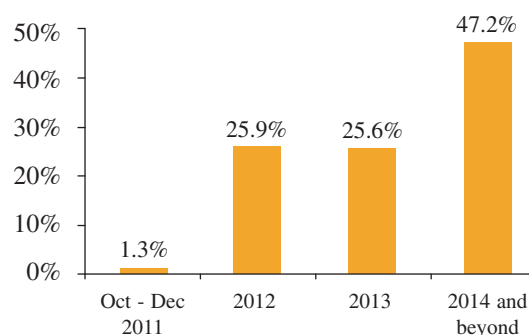
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The weighted average lease term to expiry for The Mall at Pacific Place was approximately 2.6 years as at 30th September 2011. The charts below show the percentage of the total leased area of The Mall at Pacific Place taken up as at 30th September 2011 by leases expiring in the periods shown and the percentage of the total rental income of The Mall at Pacific Place for the month ended 30th September 2011 attributable to these leases.

**Lease expiry (by leased area)  
The Mall at Pacific Place**



**Lease expiry (by rental income)  
The Mall at Pacific Place**



In 2007, the Group began a contemporisation project for Pacific Place. The project involves adding a fourth hotel (The Upper House) and new luxury restaurants to the complex, upgrading the cinema, upgrading the lighting, flooring, restrooms, lifts and common areas, and reconfiguration of tenant areas. The contemporisation project demonstrates our commitment to maintaining our leadership in developing and managing mixed use complexes. The improved interior and exterior of The Mall at Pacific Place, together with the opening of The Upper House in October 2009, has attracted visitors and improved the overall ambience and points of interest at Pacific Place. The first phase of the contemporisation project was completed in late 2009. The contemporisation project was substantially completed in October 2011. A total cost (excluding the costs associated with the addition of the fourth hotel) of approximately HK\$2.0 billion is expected to be incurred for the project.

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## BUSINESS

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Below on the left are photographs showing Pacific Place before the contemporisation project. Below on the right are photographs showing Pacific Place after the contemporisation project.



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## BUSINESS

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The Pacific Place complex has a stadium-seating six-screen cineplex, 581 car parking spaces, Pacific Place Apartments comprising 270 deluxe serviced apartments, and four 5-star hotels: The Upper House, the Conrad Hong Kong, the JW Marriott Hotel Hong Kong and the Island Shangri-La Hong Kong. We wholly own and manage The Upper House. We have a 20% equity interest in the Conrad Hong Kong, the JW Marriott Hotel Hong Kong and the Island Shangri-la Hong Kong (together, the “**Pacific Place Hotels**”). For details of our interests in these hotels, please refer to the section headed “Business — Completed Investment Property Portfolio — Hotels” in this listing document. More information about Pacific Place Apartments can be found in the section headed “Business — Completed Investment Property Portfolio — Completed Investment Properties - Hong Kong — Residential” in this listing document.

As at 30th September 2011, Pacific Place (including for this purpose Pacific Place Apartments and The Upper House and the Pacific Place Hotels on an attributable basis) was valued at HK\$89.839 billion. See Appendix III “Property Valuation” to this listing document.

(ii) *TaiKoo Place* (太古坊)



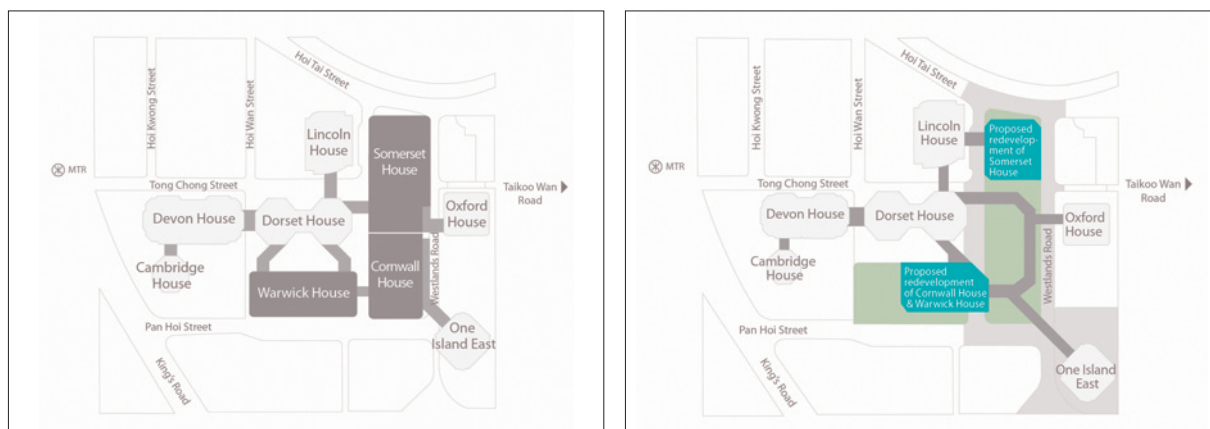
TaiKoo Place is a commercial complex in Quarry Bay, Hong Kong. It consists of six Grade A office towers, being Devon House, Dorset House, PCCW Tower, Lincoln House, Oxford House, Cambridge House (together the “**TaiKoo Place Office Towers**”), three techno-centre buildings, being Warwick House, Cornwall House and Somerset House (together the “**Techno-centres**”), and One Island East (港島東中心), which is a 68-storey Grade A commercial building. All the buildings in TaiKoo Place are linked by footbridges and are within walking distance of the interchange MTR station at Quarry Bay. The TaiKoo Place Office Towers and the Techno-centres offer a variety of floor plates ranging from approximately 7,000 to 40,000 square feet to meet the needs of different tenants. We have a 100% interest in TaiKoo Place except for PCCW Tower, in which we have a 50% interest. We have secured planning approvals for our three Techno-centres to be redeveloped as Grade A office buildings. We plan to commence re-development of the first of these Techno-centres, Somerset House, in 2013 upon obtaining vacant possession. We are working on long term planning for Island East with a view to increasing its size and attractiveness to high quality tenants.

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## BUSINESS

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Below on the left is a simplified plan showing the current locations of the Techno-centres. Below on the right is a simplified plan illustrating the proposed redevelopment of the Techno-centres.

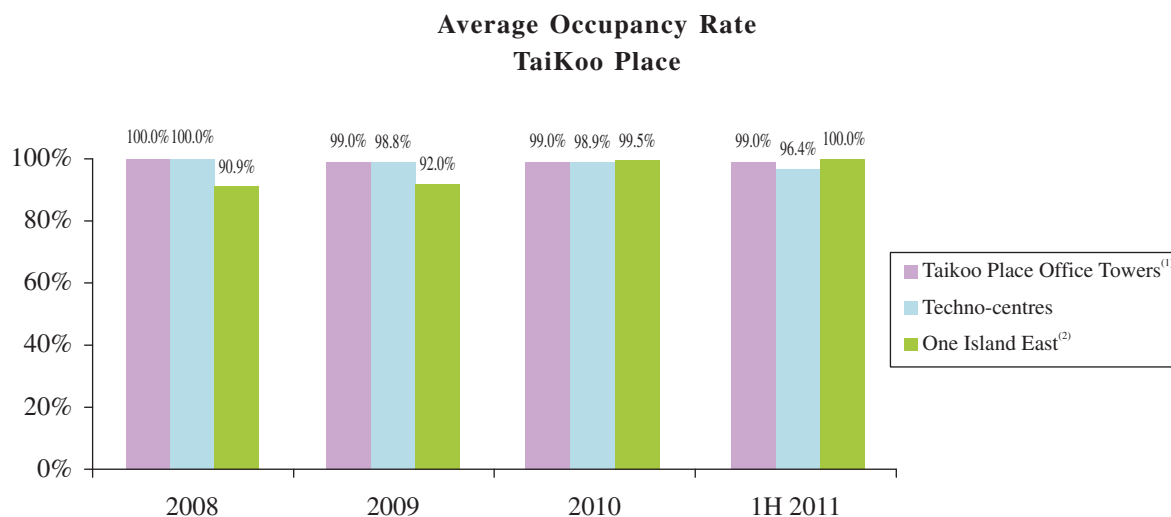


TaiKoo Place is on a site which used to be occupied by Taikoo Sugar Refinery and a paint manufacturing business of Swire Pacific. It was redeveloped in the late 1980s. In 2008, a new 68-storey commercial building named One Island East was added in order to reinforce the position of Island East as a major decentralised office location in Hong Kong. TaiKoo Place has a total LFA of 5,811,917 square feet (attributable of 5,539,844 square feet), comprising Grade A office space with LFA of 3,995,250 square feet (attributable of 3,723,177 square feet) and the Techno-centres with an aggregate LFA of 1,816,667 square feet. TaiKoo Place also has a total of 1,374 car parking spaces.

As at 30th June 2011, there were 207 tenants in TaiKoo Place. The five largest tenants (in terms of rental income for the month ended 30th June 2011) in TaiKoo Place (excluding PCCW Tower) were (in alphabetical order) AIA, Citibank, DBS, J.P. Morgan and Jardines. These five largest tenants contributed 22.5% of the total rental income of TaiKoo Place (excluding PCCW Tower) for the month ended 30th June 2011 and accounted for 22.7% of the total leased area of TaiKoo Place (excluding PCCW Tower) as at 30th June 2011.

## BUSINESS

The chart below shows the average occupancy rate of TaiKoo Place for the Track Record Period. The occupancy rates for TaiKoo Place Office Towers, Techno-centres and One Island East as at 30th September 2011 were 98.0%, 94.2% and 100.0%, respectively.



Notes:

- (1) Excluding PCCW Tower.
- (2) One Island East was opened in April 2008. Occupancy of space is recorded from the time when space is committed to a tenant and therefore ceases to be available for lease to another party, not from the date when the space is handed over.

The following table shows the average effective rent and the net rental income of TaiKoo Place for the periods indicated.

**Average effective rent and net rental income  
One Island East**

	Average effective rent (per square foot)	Net rental income (in millions)
<b>Year ended 31st December</b>		
2008	HK\$23.9	HK\$153.5
2009	HK\$28.5	HK\$369.5
2010	HK\$30.9	HK\$477.9
<b>Six months ended 30th June 2011</b>	HK\$31.8	HK\$250.7

Note: One Island East was opened in April 2008 and was in operation for the full year in 2009. The net rental income of One Island East for 2008 was therefore attributable to the period during which it was in operation in that year.

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## BUSINESS

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### Average effective rent and net rental income Techno-centres

	Average effective rent (per square foot)	Net rental income (in millions)
<b>Year ended 31st December</b>		
2008	HK\$14.1	HK\$292.3
2009	HK\$15.0	HK\$302.6
2010	HK\$15.9	HK\$313.0
<b>Six months ended 30th June 2011</b>	HK\$16.7	HK\$163.7

### Average effective rent and net rental income (on an attributable basis) TaiKoo Place Office Towers

	Average effective rent <sup>(1)</sup> (per square foot)	Net rental income attributable to the Group <sup>(2)</sup> (in millions)
<b>Year ended 31st December</b>		
2008	HK\$24.0	HK\$705.7
2009	HK\$25.9	HK\$718.0
2010	HK\$26.6	HK\$738.9
<b>Six months ended 30th June 2011</b>	HK\$27.5	HK\$388.8

*Notes:*

(1) Excluding PCCW Tower.

(2) This denotes the net rental income attributable to the Group based on its interest in PCCW Tower and its 100% interest in the remaining properties in TaiKoo Place Office Towers.

The average effective rents for the six months ended 30th June 2011 for One Island East, the Techno-centres and the TaiKoo Place Office Towers (excluding PCCW Tower) were HK\$31.8 per square foot, HK\$16.7 per square foot and HK\$27.5 per square foot, respectively. The Company estimates that as at 30th September 2011, the market rent for space at One Island East, the Techno-centres (excluding Somerset House which is proposed to be redeveloped starting in 2013) and the TaiKoo Place Office Towers (excluding PCCW Tower) in general ranged from mid-HK\$40's per square foot to the higher end of HK\$60's per square foot, from the lower end of HK\$20's per square foot to mid-HK\$20's per square foot and from the higher end of HK\$30's per square foot to mid-HK\$40's per square foot, respectively.

The rental reversion achieved on new leases in respect of space attributable to leases expiring in 2011 is 32.9% for One Island East, a negative 3.6% for the Techno-centres (excluding Somerset House) and 21.5% for the TaiKoo Place Office Towers (excluding PCCW Tower). The retention rates in 2011 for One Island East, the Techno-centres (excluding Somerset House) and the TaiKoo Place Office Towers (excluding PCCW Tower) are 33.7%, 69.1% and 81.2%, respectively.



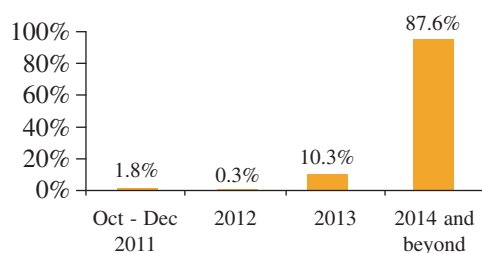
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## BUSINESS

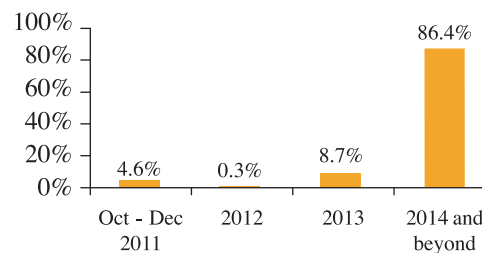
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The weighted average lease term to expiry for TaiKoo Place (excluding PCCW Tower) was approximately 3.3 years as at 30th September 2011. The charts below show the percentage of the total leased area of TaiKoo Place taken up as at 30th September 2011 by leases expiring in the periods shown and the percentage of the total rental income of TaiKoo Place for the month ended 30th September 2011 attributable to those leases.

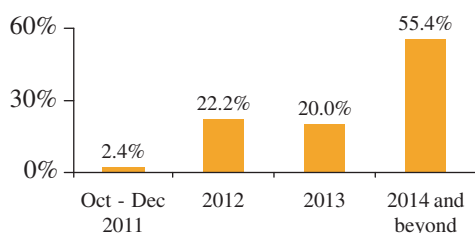
**Lease expiry (by leased area)  
One Island East**



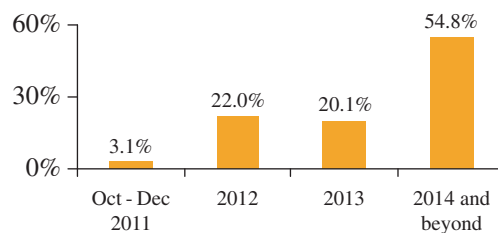
**Lease expiry (by rental income)  
One Island East**



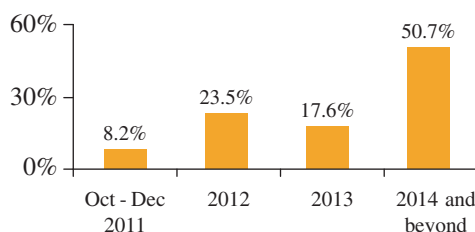
**Lease expiry (by leased area)  
Techno-centres**



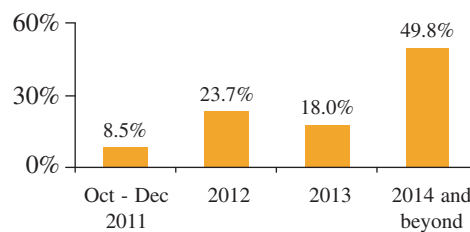
**Lease expiry (by rental income)  
Techno-centres**



**Lease expiry (by leased area)  
TaiKoo Place Office Towers<sup>(1)</sup>**



**Lease expiry (by rental income)  
TaiKoo Place Office Towers<sup>(1)</sup>**



Note:

(1) Excluding PCCW Tower.

The Group increased its interest in PCCW Tower from 20% to 50% in 2010. The remaining 50% interest is held by Grosvenor Asia Pacific Limited. PCCW Tower has a total LFA of 544,146 square feet and is managed by the Group.

The average occupancy rate of PCCW Tower for the six months ended 30th June 2011 was 98.8%. The net rental income attributable to the Group of PCCW Tower for the six months ended 30th June 2011 was HK\$47.2 million.

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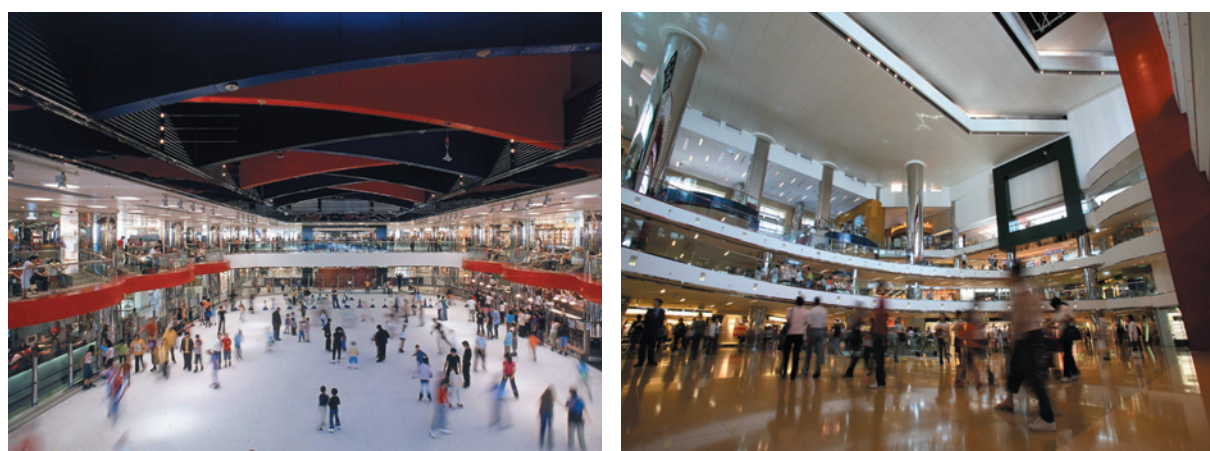
## BUSINESS

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As at 30th September 2011, TaiKoo Place (including, for this purpose, PCCW Tower on an attributable basis) was valued at HK\$44.923 billion. See Appendix III “Property Valuation” to this listing document.

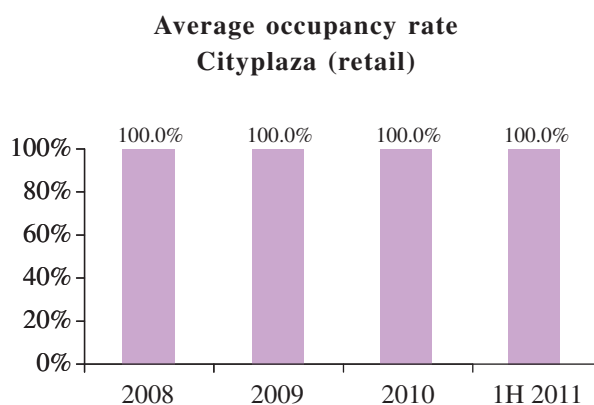
(iii) *Cityplaza* (太古城中心)

Cityplaza is a retail and office complex located in the Eastern district of Hong Kong Island. The core of the development is the Cityplaza shopping centre. Completed in phases from the 1980s and renovated in 2005, it is the largest shopping destination on Hong Kong Island by GFA. It has direct access to the Tai Koo MTR Station, and comprises retail space with a total LFA of 679,540 square feet, including three department stores, about 170 retail and catering shops, an ice rink, a seven-screen cinema and other entertainment facilities.



As at 30th June 2011, there were a total of 154 retail tenants in Cityplaza. The five largest retail tenants (in terms of rental income for the month ended 30th June 2011) were (in alphabetical order) APiTA, H&M, Jardines, Marks & Spencer and Wing On Department Stores. These five largest tenants contributed 35.9% of the total retail rental income of Cityplaza for the month ended 30th June 2011 and accounted for 54.1% of the total leased retail area of Cityplaza as at 30th June 2011.

The chart below shows the average occupancy rate of the retail portion of Cityplaza for the Track Record Period. The occupancy rate as at 30th September 2011 was 100.0%.



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## BUSINESS

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The following table shows the average effective rent and the net rental income of the retail portion of Cityplaza for the periods indicated.

**Average effective rent and net rental income  
Cityplaza (retail)**

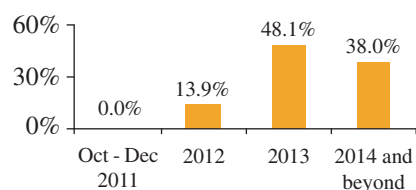
	Average effective rent (per square foot)	Average effective total rent (per square foot)	Net rental income (in millions)
<b>Year ended 31st December</b>			
2008	HK\$44.5	HK\$47.5	HK\$400.0
2009	HK\$47.0	HK\$49.6	HK\$420.8
2010	HK\$48.6	HK\$51.3	HK\$433.9
<b>Six months ended 30th June 2011</b>	HK\$49.7	HK\$52.8	HK\$232.0

The rental reversion achieved on new leases in respect of space attributable to leases expiring in 2011 is 5.9%. The retention rate in 2011 is 100.0%.

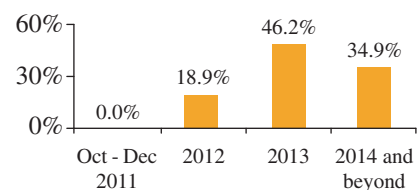
The total sales turnover of our tenants at the retail portion of Cityplaza for the six months ended 30th June 2011 was 8% higher than that for the six months ended 30th June 2010. The occupancy cost ratio at the retail portion of Cityplaza was 14.4% for the six months ended 30th June 2011.

The weighted average lease term to expiry for the retail portion of Cityplaza was approximately 2.2 years as at 30th September 2011. The charts below show the percentage of the total leased area of the retail portion of Cityplaza taken up as at 30th September 2011 by leases expiring in the periods shown and the percentage of the total retail rental income of Cityplaza for the month ended 30th September 2011 attributable to those leases.

**Lease expiry (by leased area)  
Cityplaza (retail)**



**Lease expiry (by rental income)  
Cityplaza (retail)**



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## BUSINESS

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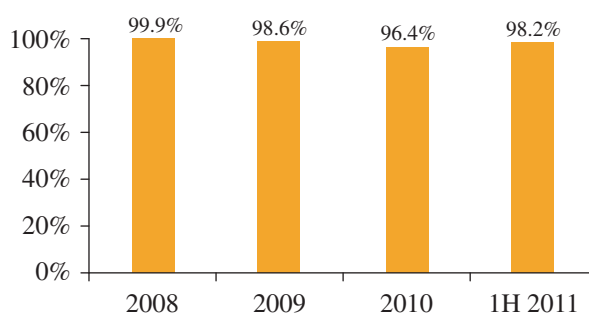
We also wholly own three office towers in the Cityplaza development which are all connected to the retail portion of Cityplaza. The three office towers, Cityplaza One, Three and Four, were completed in 1997, 1992 and 1991 respectively and comprise a total LFA of 1,389,570 square feet of space, adjoining neighbourhood shops with a GFA of 331,079 square feet and 4,670 carparking spaces (comprising carparking spaces in Cityplaza and Taikoo Shing).



As at 30th June 2011, there were a total of 62 tenants in Cityplaza One, Three and Four. The five largest tenants (in terms of rental income for the month ended 30th June 2011) in Cityplaza One, Three and Four were (in alphabetical order) adidas, Hewlett-Packard, HSBC, Thomson Reuters and a U.S.-based financial institution. These five largest tenants contributed 34.0% of the total rental income of Cityplaza One, Three and Four for the month ended 30th June 2011 and accounted for 34.2% of the total leased area of Cityplaza One, Three and Four as at 30th June 2011.

The chart below shows the average occupancy rate of Cityplaza One, Three and Four for the Track Record Period. The occupancy rate as at 30th September 2011 was 97.2%.

**Average Occupancy Rate  
Cityplaza One, Three and Four**



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## BUSINESS

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The following table shows the average effective rent and the net rental income of Cityplaza One, Three and Four for the periods indicated.

### Average effective rent and net rental income Cityplaza One, Three and Four

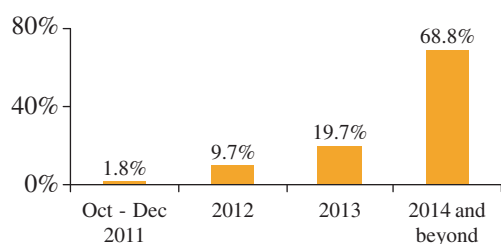
Year ended 31st December	Average effective rent (per square foot)	Net rental income (in millions)
2008	HK\$23.1	HK\$463.6
2009	HK\$24.6	HK\$448.3
2010	HK\$25.2	HK\$438.6
<b>Six months ended 30th June 2011</b>	HK\$25.9	HK\$231.9

The average effective rent for the six months ended 30th June 2011 was HK\$25.9 per square foot. The Company estimates that as at 30th September 2011, the market rents for space at Cityplaza One, Three and Four in general ranged from the higher end of HK\$30's per square foot to mid-HK\$40's per square foot.

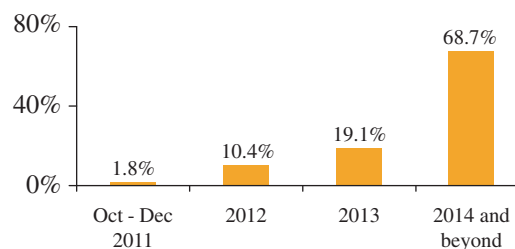
The rental reversion achieved on new leases in respect of space attributable to leases expiring in 2011 is 12.4%. The retention rate in 2011 is 89.6%.

The weighted average lease term to expiry for Cityplaza One, Three and Four was approximately 3.0 years as at 30th September 2011. The charts below show the percentage of the total leased area of Cityplaza One, Three and Four taken up as at 30th September 2011 by leases expiring in the periods shown and the percentage of the total rental income of Cityplaza One, Three and Four for the month ended 30th September 2011 attributable to those leases.

**Lease expiry (by leased area)  
Cityplaza One, Three and Four**



**Lease expiry (by rental income)  
Cityplaza One, Three and Four**



EAST, Hong Kong, a lifestyle business hotel with 345 rooms adjacent to Cityplaza, was opened in January 2010. For details of EAST, Hong Kong, please refer to the section headed “Business — Completed Investment Property Portfolio — Hotels” in this listing document.

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We wholly own and manage all the ground floor and podium shops and all carparking spaces in each of the residential towers in Taikoo Shing. The total GFA of these ground floor and podium shops is 331,079 square feet. For the six months ended 30th June 2011, the average occupancy rate of the ground floor and podium shops in Taikoo Shing (excluding the carparking areas) was 100.0% and the net rental income derived from these shops and the carparking spaces was HK\$80.8 million.

As at 30th September 2011, Cityplaza (including for this purpose EAST, Hong Kong and the ground floor and podium shops and the carparking spaces in the residential towers of Taikoo Shing) was valued at HK\$26.119 billion. See Appendix III “Property Valuation” to this listing document.

(iv) *Citygate* (東薈城)

We have a 20% interest in and manage Citygate, a mixed use complex located in Tung Chung, a new town near the Hong Kong International Airport on Lantau Island in Hong Kong. The remaining 80% interest in Citygate is held by our joint venture partners — Hang Lung Group Limited, Henderson Land Development Company Limited, New World Development Company Limited and Sun Hung Kai Properties Limited. Citygate has direct access to the Tung Chung MTR Station. Its proximity to the Hong Kong International Airport makes it an attractive shopping destination for tourists visiting Hong Kong as well as local residents. The core of the Citygate complex is Citygate Outlets, a premier outlet shopping mall with an aggregate LFA of 331,143 square feet consisting of seven levels of shops, a majority of which are outlets selling clothing and sportswear. The rest of the Citygate complex is made up of One Citygate, a nine-storey office building with a total LFA of 152,280 square feet, and Novotel Citygate Hong Kong, a 440-room hotel managed by Novotel.



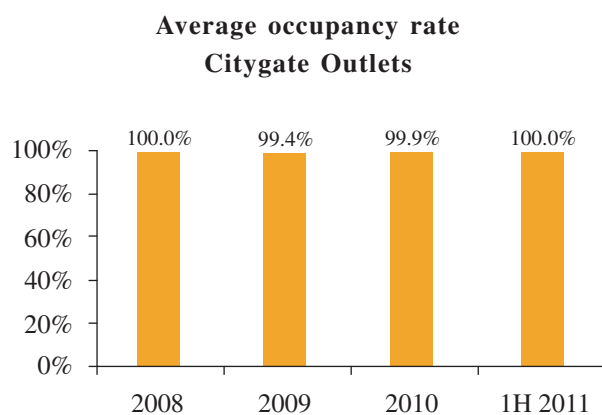
As at 30th June 2011, there were a total of 89 tenants in Citygate Outlets. The five largest tenants (in terms of rental income for the month ended 30th June 2011) in Citygate Outlets were (in alphabetical order) A.S.Watson Group (HK) Ltd., Coach, Esprit, Federal Palace and Ralph Lauren. These five largest tenants contributed 29.4% of the total rental income of Citygate Outlets for the month ended 30th June 2011 and accounted for 29.1% of the total leased area of the retail portion of Citygate Outlets as at 30th June 2011.

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The chart below shows the average occupancy rate of Citygate Outlets for the Track Record Period. The occupancy rate as at 30th September 2011 was 100.0%.



The following table shows the average effective rent and the net rental income attributable to the Group of Citygate Outlets for the periods indicated.

**Average effective rent and net rental income attributable to the Group  
Citygate Outlets**

	Average effective rent (per square foot)	Net rental income attributable to the Group <sup>(1)(2)</sup> (in millions)
<b>Year ended 31st December</b>		
2008	HK\$29.1	HK\$29.5
2009	HK\$33.2	HK\$37.1
2010	HK\$39.2	HK\$43.7
<b>Six months ended 30th June 2011</b>	HK\$43.5	HK\$26.6

*Notes:*

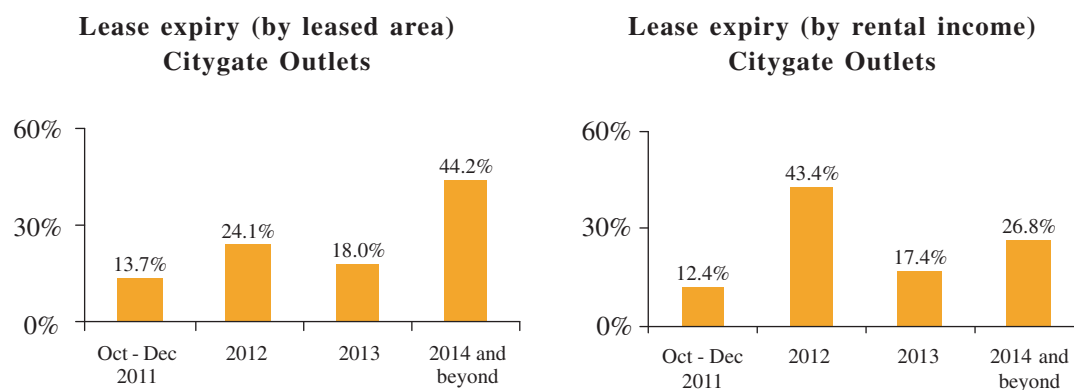
- (1) This denotes the net rental income which is attributable to the Group based on its 20% interest in Citygate.
- (2) The definition of “net rental income” also takes into account the turnover rent, which increased at a faster rate than the average effective rent during the relevant period.

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The weighted average lease term to expiry for Citygate Outlets was approximately 1.5 years as at 30th September 2011. The charts below show the percentage of the total leased area of Citygate Outlets taken up as at 30th September 2011 by leases expiring in the periods shown and the percentage of total rental income of Citygate Outlets for the month ended 30th September 2011 attributable to those leases.



The average occupancy rate and the net rental income attributable to the Group of One Citygate for the six months ended 30th June 2011 were 59.1% and HK\$1.3 million, respectively.

For details of Novotel Citygate Hong Kong, please refer to the section headed “Business — Completed Investment Property Portfolio — Hotels” in this listing document.

We have a 20% interest in all the shop units (with a total LFA of 35,616 square feet) on the ground floor of Tung Chung Crescent. The average occupancy rate of the Tung Chung Crescent commercial podium for the six months ended 30th June 2011 was 87.3%. The net rental income attributable to the Group of the Tung Chung Crescent commercial podium for the six months ended 30th June 2011 was HK\$2.8 million.

As at 30th September 2011, Citygate (including Novotel Citygate Hong Kong and the Tung Chung Crescent ground floor for this purpose) was valued at HK\$1.217 billion on an attributable basis. See Appendix III “Property Valuation” to this listing document.

(v) *Island Place* (港運城)

We have a 60% interest in the 150,223 square feet Island Place shopping centre (including parking spaces) at 500 King’s Road, Hong Kong in close proximity to the North Point MTR Station. The remaining 40% interest in Island Place shopping centre (including parking spaces) is held by a subsidiary of China Motor Bus Company Limited.

The average occupancy rate of Island Place for the six months ended 30th June 2011 was 100.0%. The net rental income of Island Place attributable to the Group for the six months ended 30th June 2011 was HK\$8.7 million.

As at 30th September 2011, Island Place was valued at HK\$495 million on an attributable basis. See Appendix III “Property Valuation” to this listing document.



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(vi) *625 King's Road (英皇道625號)*

We have a 50% interest in 625 King's Road, a 26-storey office building located in North Point, Hong Kong. The remaining 50% interest is held by a subsidiary of China Motor Bus Company Limited. Opened in 1998, this office building has a total LFA of 273,995 square feet and is managed by the Group.

The average occupancy rate of 625 King's Road for the six months ended 30th June 2011 was 98.4%. The net rental income attributable to the Group of 625 King's Road for the six months ended 30th June 2011 was HK\$14.1 million.

As at 30th September 2011, 625 King's Road was valued at HK\$833 million on an attributable basis. See Appendix III "Property Valuation" to this listing document.

(vii) *8 Queen's Road East (皇后大道東8號) (formerly called Sincere Insurance Building (先施保險大廈))*

We own 8 Queen's Road East, which is a 19-storey commercial building located between Hennessy Road and Queen's Road East in Wanchai, Hong Kong with a GFA of 81,346 square feet as at 30th September 2011. A refurbishment programme commenced in the first half of 2011 with substantial completion scheduled for 2012.

As at 30th September 2011, 8 Queen's Road East was valued at approximately HK\$810 million. See Appendix III "Property Valuation" to this listing document.

(viii) *StarCrest (星域軒) commercial units and carparking areas*

We own the whole of the commercial podium and the carparking areas of StarCrest, a residential development on 9 Star Street, Wanchai, Hong Kong. The total GFA of these StarCrest commercial units was 13,112 square feet as at 30th September 2011. For the six months ended 30th June 2011, the average occupancy rate of these StarCrest commercial units (excluding the carparking areas) was 100% and the net rental income of these StarCrest commercial units and carparking areas was HK\$3.8 million.

As at 30th September 2011, the StarCrest commercial and carparking areas were valued at HK\$191 million. See Appendix III "Property Valuation" to this listing document.

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(ix) 21, 23, 25, 27 and 29 Wing Fung Street, Wanchai (灣仔永豐街21, 23, 25, 27及29號)

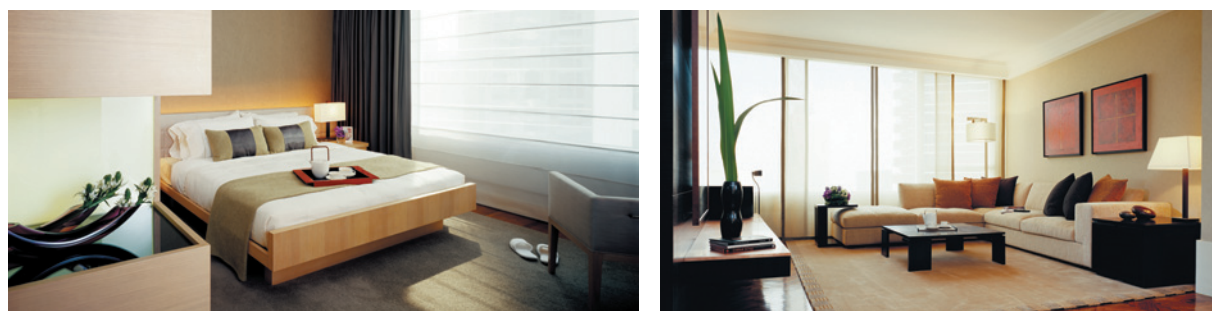
We wholly own a 6-storey building at 21 Wing Fung Street and a 3-storey retail building at 23, 25, 27 and 29 Wing Fung Street, Wanchai, Hong Kong, with a total GFA of 14,039 square feet. 21 Wing Fung Street was completed in 1992 and 23, 25, 27 and 29 Wing Fung Street was completed in 2006. For the six months ended 30th June 2011, the average occupancy rate and the net rental income of the retail portion of 21, 23, 25, 27 and 29 Wing Fung Street were 100% and HK\$2.3 million respectively.

As at 30th September 2011, 21, 23, 25, 27 and 29 Wing Fung Street was valued at HK\$269 million. See Appendix III “Property Valuation” to this listing document.

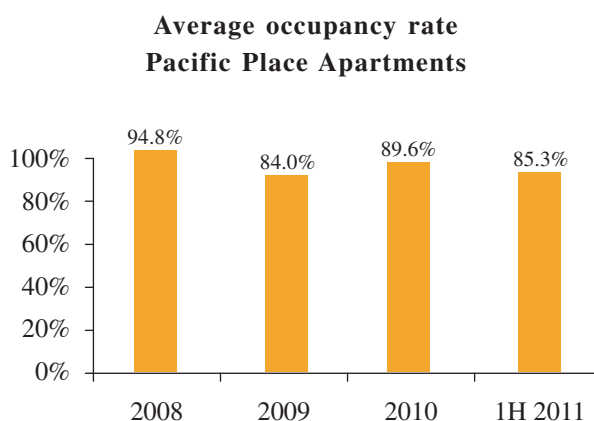
### **Residential**

(i) Pacific Place Apartments (太古廣場栢舍)

Pacific Place Apartments comprises 270 fully refurbished serviced apartments in the same tower as the Conrad Hong Kong in Pacific Place. Pacific Place Apartments has a total LFA of 442,800 square feet and consists of 27 floors of one to three bedroom apartments, with sizes ranging from 1,220 square feet to 2,650 square feet.



The chart below shows the average occupancy rate of Pacific Place Apartments for the Track Record Period. The occupancy rate as at 30th September 2011 was 83.3%.



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The following table shows the average effective rent and the net rental income of Pacific Place Apartments for the periods indicated.

**Average effective rent and net rental income  
Pacific Place Apartments**

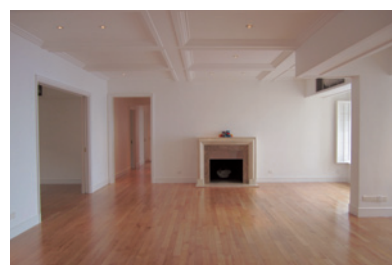
	Average effective rent (per square foot)	Net rental income attributable to the Group (in millions)
<b>Year ended 31st December</b>		
2008	HK\$51.2	HK\$179.7
2009	HK\$53.0	HK\$162.3
2010	HK\$55.7	HK\$197.7
<b>Six months ended 30th June 2011</b>	HK\$61.4	HK\$104.8

As at 30th September 2011, Pacific Place Apartments was valued at approximately HK\$8.4 billion. See Appendix III “Property Valuation” to this listing document.

*(ii) Other residential properties*

We also own a residential investment property portfolio of a total GFA of 40,636 square feet on Hong Kong Island, comprising Rocky Bank at 6 Deep Water Bay Road, House B at 36 Island Road in Deep Water Bay and seven residential units at Eredine at 38 Mount Kellett Road on the Peak, which are located in luxury residential areas of Hong Kong. Our rental income from our residential investment property portfolio for the six months ended 30th June 2011 was HK\$7.3 million. Our residential investment property portfolio other than Pacific Place Apartments had a value of HK\$1.5 billion as at 30th September 2011.

Below are photographs of Rocky Bank at 6 Deep Water Bay Road (left), of House B at 36 Island Road in Deep Water Bay (middle) and of an apartment in Eredine at 38 Mount Kellett Road on the Peak (right).



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### Completed Investment Properties - the PRC

The majority of our PRC properties are still under development. Our completed investment properties in the PRC consist of a retail-led complex in Beijing namely Sanlitun Village and The Opposite House, a mixed use complex in Guangzhou namely TaiKoo Hui and the Beaumonde Retail Podium, a retail podium adjacent to TaiKoo Hui in the Tianhe district of Guangzhou, with a total GFA of 5,405,813 square feet (or 502,213 square metres), including the hotel and serviced apartments at TaiKoo Hui, which are under construction, but excluding car parking spaces.

(i) *Sanlitun Village (三里屯 VILLAGE), Beijing*

In February 2007, we acquired an 80% interest in what has become Village South and Village North of Sanlitun Village, Beijing, which consists of retail space with a total LFA of 931,979 square feet (or 86,583 square metres) and 861 car parking spaces. Sanlitun is a popular area of Chaoyang District, Beijing, adjacent to an embassy area which is popular for its restaurants, bars and retail stores. Sanlitun Village consists of three parts — (i) the southern portion known as Village South, which was opened in 2008 and has retail space of an aggregate LFA of 564,561 square feet (or 52,449 square metres), (ii) the northern portion known as Village North, which was progressively opened during 2010 and has retail space of an aggregate LFA of 367,418 square feet (or 34,134 square metres), and (iii) The Opposite House, a 99-room luxury hotel which was opened in 2008 and has a total GFA of 169,463 square feet (or 15,744 square metres) (of which we own 100%).

A map showing the location of Sanlitun Village is set out below.



Our minority joint venture partner (which holds the remaining 20% interest in the non-hotel portions of Sanlitun Village) has the right to require the Company to purchase its interest at a fair price based on the percentage interest held by the minority partner. The fair price will reflect the fair market value of the portions of Sanlitun Village in which our joint venture partner holds an interest, subject to certain agreed assumptions and adjusted to reflect the difference between the current assets and the

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## BUSINESS

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liabilities of (and accrued tax in the ordinary course of the business payable by) the holding company through which the interests of ourselves and our joint venture partner in those portions of Sanlitun Village are held. The right is exercisable on 31st December 2012 and 2013.

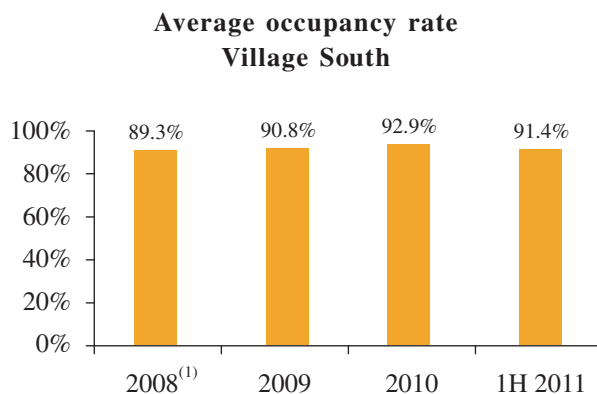
### *Village South (三里屯 VILLAGE南區)*

As at 30th June 2011, there were a total of 130 tenants in Village South. The five largest tenants (in terms of rental income for the month ended 30th June 2011) in Village South were (in alphabetical order) adidas, Esprit & edc, UNIQLO, VERO MODA/ONLY/JACK&JONES and a global computer, communications and digital media company. These five largest tenants contributed 38.4% of the total rental income of Village South for the month ended 30th June 2011 and accounted for 19.4% of the total leased area of Village South as at 30th June 2011.



Village South houses the largest adidas store in the world.

The chart below shows the average occupancy rate of Village South for the periods shown. The occupancy rate as at 30th September 2011 was 88.0%.



Note:

(1) Village South was opened in 2008. This denotes the average occupancy rate from September to December 2008.

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The following table shows the average effective rent and the net rental income attributable to the Group of Village South for the periods indicated.

### Average effective rent and net rental income Village South

	Average effective rent (per square foot) <sup>(1)</sup>	Average effective total rent (per square foot) <sup>(1)</sup>	Net rental income <sup>(3)</sup> (in millions)
<b>Year ended 31st December</b>			
2008 <sup>(2)</sup>	RMB23.8	RMB24.9	RMB56.9
2009	RMB31.4	RMB32.0	RMB81.9
2010	RMB34.3	RMB35.6	RMB136.8
<b>Six months ended 30th June 2011</b>			
	RMB36.3	RMB37.1	RMB82.1

*Notes:*

- (1) Before unrecovered rental outgoings and taxes.
- (2) Village South was opened in July 2008.
- (3) On a 100% basis.

The rental reversion achieved on new leases in respect of space attributable to leases expiring in 2011 is 25.4%. The retention rate in 2011 is 10.0%. The low retention rate reflects our focus on increasing the number of retailers in Village South selling internationally recognised branded products. When we acquired our interest in Sanlitun Village, Village South was 30.4% let. As the original leases expire, we are able to adjust the mix of tenants in Village South with a view to increasing the number of visitors and sales turnover. During 2011 (up to the Latest Practicable Date) we have introduced 33 new tenants.

The total sales turnover of our tenants at Village South for the six months ended 30th June 2011 was 44% higher than that for the six months ended 30th June 2010. The occupancy cost ratio at Village South was 28.1% for the six months ended 30th June 2011. In considering these sales turnover figures, it should be noted that, for some of our tenants in the PRC, the obligation to report sales turnover is a less well-established market practice than it is in Hong Kong.

48.4% of the outgoings (before amortisation of deferred expenditure, letting fees, stamp duty and legal expenses, land use fee, real estate tax and carpark expenses) was recovered through the service charges collected from tenants in the six months ended 30th June 2011 while only 32.2% was so recovered in the year ended 31st December 2010. This reflected our focus on improving the profitability at Village South by reducing the gap between the outgoings (before taxes and amortisations) and the service charges.

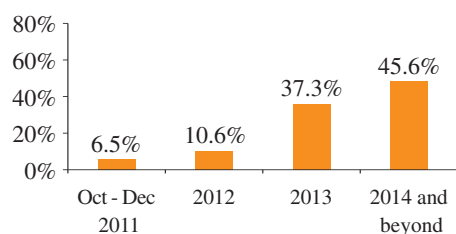
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## BUSINESS

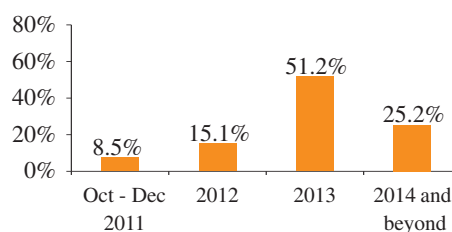
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The weighted average lease term to expiry for Village South was approximately 2.1 years as at 30th September 2011. The charts below show the percentage of the total leased area of Village South taken up as at 30th September 2011 by leases expiring in the periods shown and the percentage of the total rental income of Village South for the month ended 30th September 2011 attributable to those leases.

**Lease expiry (by leased area)  
Village South**



**Lease expiry (by rental income)  
Village South**



### *Village North (三里屯 VILLAGE北區)*

Village North was progressively opened during 2010. As at 30th June 2011, there were a total of 87 tenants in Village North. The five largest tenants (in terms of rental income for the month ended 30th June 2011) in Village North were (in alphabetical order) Balmain, Diesel, I.T BJ Market/CDG, Nisiss and a fashion retailer. These five largest tenants contributed 37.3% of the total rental income of Village North for the month ended 30th June 2011 and accounted for 10.9% of the total leased area of Village North as at 30th June 2011.

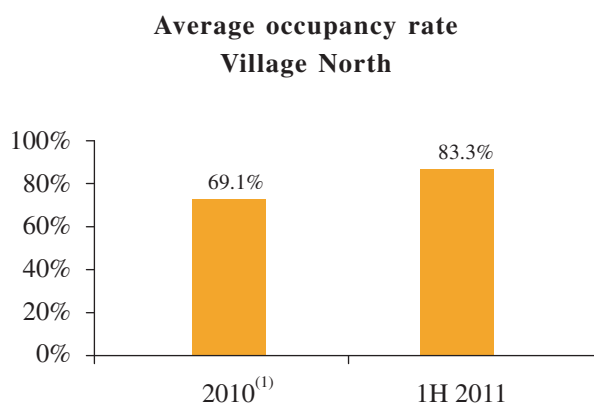


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## BUSINESS

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The chart below shows the average occupancy rate of Village North for the periods shown. The occupancy rate as at 30th September 2011 was 92.9%.



*Note:*

- (1) Village North was progressively opened during 2010. Occupancy of space is recorded from the time when space is committed to a tenant and therefore ceases to be available for lease to another party, not from the date when the space is handed over.

The following table shows the average effective rent and the net rental income attributable to the Group of Village North for each of the years indicated.

**Average effective rent and net rental income  
Village North**

	Average effective rent (per square foot) <sup>(1)</sup>	Average effective total rent (per square foot) <sup>(1)</sup>	Net rental income <sup>(3)</sup> (in millions)
<b>Year ended 31st December 2010<sup>(2)</sup></b>	RMB10.2	RMB10.5	RMB(47.4)
<b>Six months ended 30th June 2011</b>	RMB13.1	RMB15.7	RMB(4.3)

*Note:*

- (1) Before unrecovered rental outgoings and taxes.
- (2) Village North was progressively opened during 2010. Occupancy of space is recorded from the time when space is committed to a tenant and therefore ceases to be available for lease to another party, not from the date when the space is handed over.
- (3) On a 100% basis.



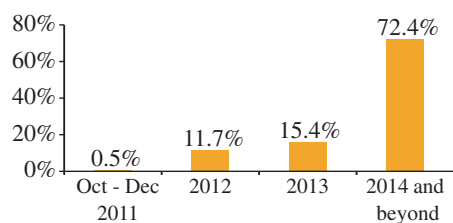
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## BUSINESS

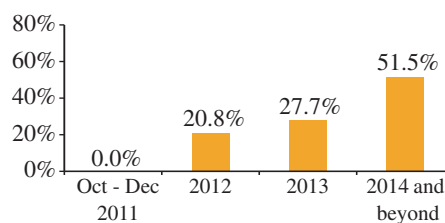
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The weighted average lease term to expiry for Village North was approximately 2.4 years as at 30th September 2011. The charts below show the percentage of the total leased area of Village North taken up as at 30th September 2011 by leases expiring in the periods shown and the percentage of the total rental income of Village North for the month ended 30th September 2011 attributable to those leases.

**Lease expiry (by leased area)  
Village North**



**Lease expiry (by rental income)  
Village North**



For details of The Opposite House at Sanlitun Village, please refer to the section headed “Business — Completed Investment Property Portfolio — Hotels — The PRC — The Opposite House” in this listing document.



As at 30th September 2011, Sanlitun Village (including for this purpose The Opposite House) was valued at RMB7,766 million (or RMB6,329 million on an attributable basis). See Appendix III “Property Valuation” to this listing document. This compares with the acquisition and post-acquisition costs (on an attributable basis) incurred to 30th September 2011 of RMB5,107 million. We are continuing to invest in further improvement works at Sanlitun Village designed to improve footfall and circulation. The estimated cost of completing the improvement works amounts to approximately RMB215 million.

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(ii) *Beaumonde Retail Podium (天河新作零售購物平台), Guangzhou*

We wholly own and manage, but were not the developer of, the Beaumonde Retail Podium located at 75 Tianhe East Road, Tianhe District, Guangzhou. It is adjacent to TaiKoo Hui, our core development project in Guangzhou. The Beaumonde Retail Podium was opened in December 2008 and has a total LFA of 56,888 square feet (or 5,285 square metres) with a shopping centre with a number of restaurants and 100 car parking spaces.

For the six months ended 30th June 2011, the average occupancy rate and the net rental income of the Beaumonde Retail Podium were 100.0% and RMB6.7 million, respectively.

As at 30th September 2011, The Beaumonde Retail Podium was valued at RMB385 million. See Appendix III “Property Valuation” to this listing document.

(iii) *TaiKoo Hui (太古滙), Guangzhou*

We have a 97% interest in a joint venture with Guangzhou Da Yang Properties Investment Company Limited (under the Guangzhou Daily Group) to own and develop TaiKoo Hui, a large retail-led mixed use development in the Tianhe District, the central business district of Guangzhou. Situated in the Tianhe central business district of Guangzhou city, TaiKoo Hui is our largest investment property in Mainland China, with a total GFA of 3,849,195 square feet (or 357,599 square metres). Located at a transportation hub and with direct access to the city’s metro system, the development comprises a premium shopping mall, two Grade A office towers, a cultural centre, a Mandarin Oriental hotel with serviced apartments, all of which are interconnected.

The retail space opened in September 2011. We started to deliver possession of the office space to our tenants in August 2011. The remaining hotel with serviced apartments are expected to be completed in 2012.

The following shows the expected mix of space of the TaiKoo Hui project when it is fully completed:

	<u>GFA</u>
Retail.....	1,484,743 sq.ft. (or 137,936 sq.m.)
Office .....	1,723,424 sq.ft. (or 160,110 sq.m.)
Hotel .....	588,231 sq.ft. (or 54,648 sq.m.)
Serviced apartments .....	52,797 sq.ft. (or 4,905 sq.m.)
Total for retail, office, hotel and serviced apartments .....	3,849,195 sq.ft. (or 357,599 sq.m.)
Carparks <sup>(1)</sup> .....	465,123 sq.ft. (or 43,211 sq.m.)
Cultural centre <sup>(2)</sup> .....	558,296 sq.ft. (or 51,867 sq.m.)
Substation <sup>(2)</sup> .....	43,196 sq.ft. (or 4,013 sq.m.)

Note:

(1) Including 141 carparking spaces for the cultural centre.

(2) We do not own the cultural centre or substation.

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The retail portion of TaiKoo Hui is expected to have a total LFA of 622,213 square feet (or 57,805 square metres). The office portion of TaiKoo Hui is leased on a GFA basis.

TaiKoo Hui's shopping mall opened in September 2011. As at 30th September 2011, there were a total of 183 retail tenants in TaiKoo Hui. Approximately 70% of the mall is leased to retailers selling international brand names, including CHANEL, miu miu, GIORGIO ARMANI and Tiffany & Co. As at 30th September 2011, the retail portion of TaiKoo Hui was 99.5% leased.

The weighted average lease term to expiry by area for the retail portion of TaiKoo Hui was approximately 5.0 years as at 30th September 2011. All the leases will expire in 2014 and beyond.

As at 30th September 2011, there were a total of 31 committed office tenants in TaiKoo Hui, representing 67% of total office GFA of TaiKoo Hui. As at 30th September 2011, the largest tenant, HSBC, has leased 29 floors, or approximately 47% of the gross floor area within the office towers. All the leases in respect of the office towers will expire in 2014 and beyond.

The 263-room hotel (with 24 serviced apartments) at TaiKoo Hui will be managed by Mandarin Oriental Hotel Group.

A map showing the location of TaiKoo Hui is set out below.



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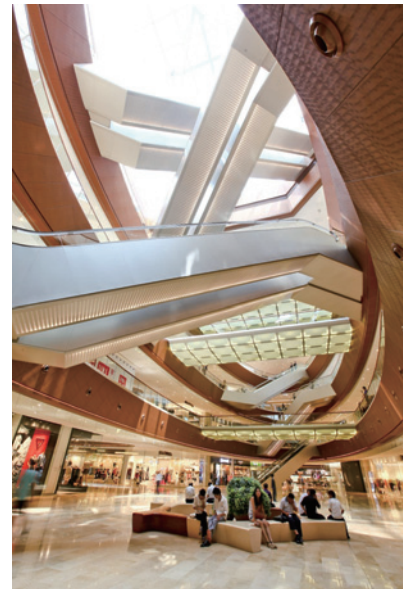
## BUSINESS

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Upon full completion, the total development cost for TaiKoo Hui is expected to be RMB6,703 million (or RMB6,502 million on an attributable basis). The average development cost for TaiKoo Hui per square foot of retail, office, hotel and serviced apartment GFA is expected to be RMB1,741.

As at 30th September 2011, TaiKoo Hui was valued at RMB9,635 million (or RMB9,346 million on an attributable basis). See Appendix III “Property Valuation” to this listing document.

The financial results of the TaiKoo Hui project are included in our consolidated financial statements since the TaiKoo Hui project is held by a subsidiary of the Company.



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### Hotels

As at 30th September 2011, we managed hotels with 1,697 rooms in aggregate. We are also developing EAST, Beijing as part of the INDIGO project and will manage EAST, Beijing upon its completion. EAST, Beijing is expected to have 369 rooms.

The table below shows our ownership interests and certain data of the hotels owned and/or managed by the Group as at 30th September 2011:

#### *Hotels Managed by the Group*

	<u>Our Ownership</u>	<u>Number of rooms</u>
<b><i>Hong Kong</i></b>		
The Upper House .....	100%	117
EAST, Hong Kong .....	100%	345
Headland Hotel .....	0% <sup>(1)</sup>	501
<b><i>PRC</i></b>		
The Opposite House .....	100%	99
EAST, Beijing <sup>(2)</sup> .....	50%	369
<b><i>United Kingdom</i></b>		
The Montpellier Chapter, Cheltenham (formerly called Hotel Kandinsky, Cheltenham) .....	100%	61
Avon Gorge Hotel, Bristol .....	100%	75
The Magdalen Chapter, Exeter (formerly called Hotel Barcelona, Exeter) <sup>(3)</sup> .....	100%	59
Hotel Seattle, Brighton .....	100%	71
<b>TOTAL</b> .....		<b>1,697</b>

#### Notes:

- (1) Headland Hotel is owned by Airline Hotel Limited, a wholly-owned subsidiary of Cathay Pacific Airways Limited.
- (2) Completion assumed.
- (3) Completion of renovation assumed.

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As at 30th September 2011 we also owned (but did not manage) hotels with 2,733 rooms in aggregate. We are also developing the Mandarin Oriental, Guangzhou, which will be owned by us as to 97% but will not be managed by us. The Mandarin Oriental, Guangzhou is expected to have a total of 263 rooms and 24 serviced apartments.

*Hotels Owned (but not Managed) by the Group*

	<b>Our Ownership</b>	<b>Management Group</b>	<b>Number of rooms</b>
<b><i>Hong Kong</i></b>			
Island Shangri-La Hong Kong	20%	Shangri-La International Hotel Management Limited	565
JW Marriott Hotel Hong Kong	20%	Marriott International	602
Conrad Hong Kong	20%	Conrad International Hotels (HK) Limited	513
Novotel Citygate Hong Kong	20%	Accor	440
<b><i>PRC</i></b>			
Mandarin Oriental, Guangzhou	97%	Mandarin Oriental Hotel Group	287 <sup>(1)</sup>
<b><i>United States</i></b>			
Mandarin Oriental, Miami	75%	Mandarin Oriental Hotel Group	326
TOTAL			2,733

Note:

(1) Including 24 serviced apartments in the same building.

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## BUSINESS

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### *Hong Kong*

#### *(i) The Upper House (奕居)*

The Upper House is a 117-room luxury hotel in Pacific Place. It is wholly-owned and managed by the Group. The hotel was opened in October 2009. Many of the rooms feature views of the Victoria Harbour. Room sizes range from 730 square feet in the studios to 1,960 square feet in the two penthouses, with an average room size of 884 square feet.

The Upper House features a sky lounge, a restaurant, a bar and a fitness centre.

The Upper House was awarded Best Overseas Business Travel-Readers' Travel Awards by Conde Nast Traveller UK and The Best Hotel of the Year 2011 by Preferred Hotel.



The table below sets out the average occupancy rate and other operating data relating to The Upper House:

	<b>For the period from its opening on 2nd October 2009 to 31st December 2009</b>	<b>For the year ended 31st December 2010</b>	<b>For the six months ended 30th June 2011</b>
Average occupancy rate (%) .....	43.9	70.4	75.8
Average daily rate (HK\$) .....	3,963	3,175	3,792
RevPAR (HK\$) .....	1,740	2,235	2,874
Non-room revenue (HK\$ million) .....	17.2	74.4	44.0

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## BUSINESS

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(ii) *EAST, Hong Kong* (香港東隅)

EAST, Hong Kong was opened in January 2010. It is adjacent to Cityplaza and has 345 rooms and suites, some of which feature harbour views. Room sizes range from 300 square feet to 650 square feet. EAST, Hong Kong features a 24-hour gymnasium, an outdoor swimming pool, a rooftop bar and a restaurant.

EAST, Hong Kong was on The Hot List 2011 compiled by Conde Nast Traveller and awarded Global Excellence Awards Hotels by the International Interior Design Association.

The table below sets out the average occupancy rate and other operating data relating to EAST, Hong Kong:

	<b>For the year ended 31st December 2010</b>	<b>For the six months ended 30th June 2011</b>
Average occupancy rate (%) .....	71.7	86.9
Average daily rate (HK\$) .....	1,135	1,306
RevPar (HK\$) .....	814	1,135
Non-room revenue (HK\$ million) .....	53.3	28.2





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## BUSINESS

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(iii) *The JW Marriott Hotel Hong Kong (香港JW萬豪酒店), Conrad Hong Kong (香港港麗酒店) and Island Shangri-La Hong Kong (港島香格里拉大酒店)*

We own a 20% interest in each of the JW Marriott Hotel Hong Kong, the Conrad Hong Kong and the Island Shangri-La Hong Kong, all of which are located at Pacific Place. Chishore Enterprise and Shangri-La Asia Ltd. own the remaining 80% interest in the JW Marriott Hotel Hong Kong and the Island Shangri-La Hong Kong, respectively. Sino Land Company Limited and Sino Hotels (Holdings) Limited, through their respective wholly-owned subsidiaries, collectively own the remaining 80% interest in the Conrad Hong Kong.



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## BUSINESS

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### *The JW Marriott Hotel Hong Kong*

The JW Marriott Hotel Hong Kong is a 602-room 5-star hotel featuring restaurants and bars, function rooms, an outdoor swimming pool and a 24-hour gymnasium. It offers a wide range of rooms ranging from deluxe rooms to the Admiralty/Dynasty suites.

### *The Conrad Hong Kong*

The Conrad Hong Kong is a 513-room 5-star hotel. The hotel offers a wide range of rooms ranging from superior rooms to the King Presidential suites. The Conrad Hong Kong features restaurants, bars, a ballroom, eleven separate conference, meeting and board rooms, a health club and a heated outdoor swimming pool.

### *The Island Shangri-La Hong Kong*

The Island Shangri-La Hong Kong is located in the same building as Two Pacific Place and is a 565-room 5-star hotel. It offers a wide range of rooms from deluxe rooms to presidential suites, with room sizes ranging from 440 square feet to 1,830 square feet. The Island Shangri-La Hong Kong features award-winning restaurants and a bar, including Michelin starred restaurants, a 24-hour gymnasium, an outdoor swimming pool, indoor and outdoor Jacuzzi, sauna and steam rooms, solarium and facial and massage services.

### *(iv) Novotel Citygate Hong Kong (香港諾富特東薈城酒店)*

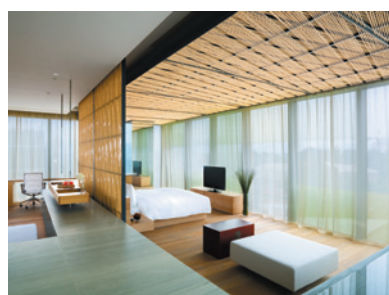
We have a 20% interest in Novotel Citygate Hong Kong located at the Citygate complex in Tung Chung, Hong Kong. The remaining 80% interest in Novotel Citygate Hong Kong is owned by our joint venture partners — Hang Lung Group Limited, Henderson Land Development Company Limited, New World Development Company Limited and Sun Hung Kai Properties Limited. The 4-star hotel offers 440 rooms ranging from standard twin rooms to executive premier suites. It features restaurants, a bar, function rooms, an outdoor swimming pool and a 24-hour gymnasium.

## BUSINESS

### *The PRC*

#### *The Opposite House (瑜舍)*

The Opposite House is a luxury hotel located at Sanlitun Village in Beijing. The hotel, opened in 2008, has 99 rooms, a swimming pool, a fitness centre and five restaurants and bars. The average room size of The Opposite House is 678 square feet. The Opposite House was on the Gold List - Best Hotels for Ambience and Design compiled by Conde Nast Traveller and was selected as one of the Top 3 Best Leisure Hotels/Resorts in Asia by Smart Travel Asia.



The table below sets out the average occupancy rate and other operating data relating to The Opposite House for the period from its opening to 30th June 2011:

	For the years ended 31st December			For the six months ended 30th June
	2008 <sup>(1)</sup>	2009	2010	2011
Average occupancy rate (%) .....	10.2 <sup>(2)</sup>	33.1 <sup>(2)</sup>	64.7	70.3
Average daily rate (RMB) .....	3,624 <sup>(3)</sup>	1,615	1,515	1,703
RevPAR (RMB) .....	370	535	980	1,197
Non-room revenue (RMB in millions) .....	11.1	35.4	47.8	28.2

Notes:

- (1) The Opposite House was opened in August 2008.
- (2) Factors affecting occupancy rates in 2008 and 2009 included an over-supply of new hotel accommodation in Beijing, reduced domestic and international travel and, in 2008, the fact that The Opposite House was newly opened.
- (3) The average daily rate was significantly higher in 2008 due to the high demand for hotel accommodation in Beijing around the time of the 2008 Beijing Olympic Games.

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## BUSINESS

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### *The United Kingdom*

#### *Avon Gorge Hotel, The Magdalen Chapter, The Montpellier Chapter and Hotel Seattle*

We wholly own four boutique hotels in the United Kingdom. They are the 75-room Avon Gorge Hotel in Bristol, the 59-room The Magdalen Chapter (formerly called Hotel Barcelona) in Exeter, the 61-room The Montpellier Chapter (formerly called Hotel Kandinsky) in Cheltenham and the 71-room Hotel Seattle in Brighton. The Magdalen Chapter, Exeter is closed for renovation, with work at the latter underway. Refurbishment of Avon Gorge Hotel, Bristol is currently being considered. The Montpellier Chapter was selected as one of the Top 100 Hotels of the World by The Sunday Times Travel Magazine.



The table below sets out the average occupancy rate and other operating data relating to the four U.K. hotels for the periods indicated:

	For the years ended 31st December			For the six months ended 30th June
	2008	2009 <sup>(1)</sup>	2010 <sup>(1)</sup>	2011 <sup>(1)</sup>
Average occupancy rate (%) .....	64.4	65.8	68.7	63.8
Average daily rate (£) .....	86.73	79.87	77.63	85.56
RevPAR (£) .....	55.83	52.58	53.31	54.62
Non-room revenue (£ in millions) .....	4.6	3.0	3.2	2.1

Note:

(1) The Magdalen Chapter, Exeter is closed for refurbishment.

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## BUSINESS

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### *The United States*

#### *Mandarin Oriental, Miami*

We hold a 75% equity interest in the 326-room Mandarin Oriental, Miami, developed in partnership with the Mandarin Oriental Hotel Group which holds the balance and opened in 2000. Mandarin Oriental, Miami has an average room size being 450 square feet. The hotel features a ballroom, a spa and health club, a swimming pool and private beach, a restaurant and a bar.

The table below sets out the average occupancy rate and other operating data relating to Mandarin Oriental, Miami for the periods indicated:

	For the years ended 31st December			For the six months ended 30th June
	2008	2009	2010	2011
Average occupancy rate (%) .....	65.7	56.4	64.6	77.9
Average daily rate (US\$) .....	390	292	293	333
RevPAR (US\$) .....	256	165	189	259
Non-room revenue (US\$ in millions) ....	27.8	20.9	21.1	12.8

### **INVESTMENT PROPERTIES UNDER DEVELOPMENT OR HELD FOR FUTURE DEVELOPMENT**

The table below sets forth the GFA and other information of our investment properties under development or held for future development as at 30th September 2011. Information in the table below in respect of each property (other than its valuation) is disclosed in respect of 100% of that property and not on an attributable basis, regardless of whether the property is held through a member of the Group or a jointly controlled or an associated company. Valuations in the table below in respect of each property are disclosed on an attributable basis (or by reference to our economic interest).

PRINCIPAL INVESTMENT PROPERTIES UNDER DEVELOPMENT OR HELD FOR FUTURE DEVELOPMENT

Hong Kong

Name of project	Total Planned GFA (in sq.ft.)	Number of Hotel Rooms	Number of carparking spaces	Attributable to the Group (%)	Construction Commencement Date for Properties under Development	Expected Completion Date	Estimated Total Development Cost (HK\$ in millions)	Total Development Costs Incurred up to 30th September 2011 (HK\$ in millions)	Land Costs Incurred up to 30th September 2011 (HK\$ in millions)	Other Development Costs Incurred up to 30th September 2011 (HK\$ in millions)	Attributable Independent Valuation as at 30th September 2011 (HK\$ in millions)
<b>Office</b>											
28 Hennessy Road (formerly called Tai Sang Commercial Building) .....	145,390	N/A	—	100.0	2010	2012	2,028	1,564	1,411	153	1,712
<b>Residential</b>											
23 Tong Chong Street .....	75,082	N/A	—	100.0	2012	2014	1,159	702	699	3	732
<b>Others</b>											
Amalgamation Properties .....	N/A	N/A	N/A	100.0	N/A	N/A	N/A	N/A	N/A	N/A	5,403 <sup>(1)</sup>

PRC

Name of project	Total Planned GFA	Number of Hotel Rooms	Number of carparking spaces	Attributable to the Group (%)	Construction Commencement Date for Properties under Development	Expected Construction Completion Date	Details of opening by stage	Estimated Total Development Cost (RMB in millions) <sup>(2)</sup>	Total Development Costs Incurred up to 30th September 2011 (RMB in millions) <sup>(2)</sup>	Land Costs Incurred up to 30th September 2011 (RMB in millions) <sup>(2)</sup>	Other Development Costs Incurred up to 30th September 2011 (RMB in millions) <sup>(2)</sup>	Attributable Independent Valuation as at 30th September 2011 (RMB in millions) <sup>(2)</sup>
<b>INDIGO, Beijing<sup>(7)</sup></b>												
Retail .....	939,493 sq.ft. (or 87,281 sq.m.)	N/A	—	50.0	2009	2011	Q1 2012	4,012 <sup>(4)</sup>	2,455	771	1,684	1,829
Office .....	595,464 sq.ft. (or 55,320 sq.m.)	N/A	—			2011	Q4 2011					
Hotel .....	358,269 sq.ft. (or 33,284 sq.m.)	369	—			2012	Q3 2012					
Carpark .....	1,039,512 sq.ft. (or 96,573 sq.m.)	—	1,245			2011-2012	Q4 2011					

## BUSINESS

Name of project	Total Planned GFA	Number of Hotel Rooms	Number of carparking spaces	Attributable to the Group (%)	Construction Commencement Date for Properties under Development	Expected Construction Completion Date	Details of opening by stage	Estimated Total Development Cost (RMB in millions) <sup>(2)</sup>	Total Development Costs Incurred up to 30th September 2011 (RMB in millions) <sup>(2)</sup>	Land Costs Incurred up to 30th September 2011 (RMB in millions) <sup>(2)</sup>	Other Development Costs Incurred up to 30th September 2011 (RMB in millions) <sup>(2)</sup>	Attributable Independent Valuation as at 30th September 2011 (RMB in millions) <sup>(2)</sup>
<b>Dazhongli, Shanghai</b>				50.0	2011-2012	2015-2016	2016	16,588 <sup>(3)</sup>	7,953	7,339	614	5,204 <sup>(8)</sup>
Retail .....	1,062,719 sq.ft. <sup>(6)</sup> (or 98,729 sq.m.)	N/A	—	—								
Office .....	1,809,934 sq.ft. <sup>(6)</sup> (or 168,147 sq.m.)	N/A	—	—								
Hotels .....	596,745 sq.ft. <sup>(6)</sup> (or 55,439 sq.m.)	557	—	—								
Carpark .....	1,171,349 sq.ft. <sup>(6)</sup> (or 108,821 sq.m.)	—	1,217	—								
<b>Daci Temple, Chengdu<sup>(9)</sup></b>				50.0	2011-2012	2014	2014	6,390	834	799	35	1,202 <sup>(8)</sup>
Retail .....	1,281,734 sq.ft. <sup>(6)</sup> (or 119,076 sq.m.)	N/A	—	—								
Hotel .....	146,767 sq.ft. <sup>(6)</sup> (or 13,635 sq.m.)	100	—	—								
Serviced Apartments .....	82,280 sq.ft. <sup>(6)</sup> (or 7,644 sq.m.)	40	—	—								
Office <sup>(5)</sup> .....	1,258,010 sq.ft. <sup>(6)</sup> (or 116,872 sq.m.)	N/A	—	—								
Carpark .....	1,257,935 sq.ft. <sup>(6)</sup> (or 116,865 sq.m.)	—	1,591	—								

### United States

Name of project	Total planned GFA (in sq.ft.)	Number of Hotel Rooms/ Apartments	Number of carparking spaces	Attributable to the Group (%)	Construction Commencement Date for Properties under Development	Expected Construction Completion Date	Estimated Total Development Costs (US\$ in millions) <sup>(2)</sup>	Total Development Costs Incurred up to 30th September 2011 (US\$ in millions) <sup>(2)</sup>	Land Costs Incurred up to 30th September 2011 (US\$ in millions) <sup>(2)</sup>	Other Development Costs Incurred up to 30th September 2011 (US\$ in millions) <sup>(2)</sup>	Attributable independent valuation as at 30th September 2011 (US\$ in millions) <sup>(2)</sup>
<b>Brickell CityCentre, 601, 700 and 701 South Miami Avenue and 799 Brickell Plaza, Miami<sup>(10)</sup></b>				100	2012-2014	2015/2018	1,050.7	72.8	69.4	3.4	78.7
Retail .....	520,000	—	—	—							
Office .....	963,000 <sup>(12)</sup>	—	—	—							
Serviced apartments .....	108,000	93	—	—							
Hotel .....	200,000	243	—	—							
Residential .....	1,100,000	820	—	—							
Carpark/Circulation .....	2,538,000	—	4,341 <sup>(11)</sup>	—							

Notes:

- (1) Valued internally by qualified surveyors.
- (2) The valuation and the development costs refer to the valuation and the development costs of the entire project comprising retail, office, residential, hotel (or hotels) and serviced apartments, if applicable.
- (3) In addition, we invested RMB550 million as premium to acquire a 50% interest in the joint venture which owns the Dazhongli project. The estimated total development cost represents the Company's current cost assessments based on its current expectations as to the GFA mix, would be subject to change, for example, if the usage mix changes and in any event will be refined as more detailed plans for the development are adopted.
- (4) This includes improvement costs of approximately RMB500 million relating to neighbouring areas, which have been provided for in our financial statements
- (5) The office portion of the Daci Temple project is intended to be developed for trading purposes.
- (6) These figures represent the Company's current expected usage mix. The GFA of each portion is subject to final determination and agreement with the local government and could change
- (7) Not all of the permits and approvals required for occupation of the project have been obtained.
- (8) See note (2) to property valuation certificates (numbered 90 and 91) on these properties.
- (9) The valuation reflects our economic interest in the project taking into account our contractual arrangements with Sino-Ocean Land.
- (10) The property is currently classified for accounting purposes as a property held for future development as opposed to investment property and will remain so classified until relevant approvals are obtained. Relevant approvals are expected to be obtained before the end of January 2012. When the relevant approvals are obtained, the property other than the residential portion will be reclassified for accounting purposes as investment property. The residential portion is intended to be developed for trading purposes.
- (11) 3,100 carparking spaces for Phase I and 1,241 carparking spaces for Phase II.
- (12) Office space with a GFA of 221,000 sq.ft. is planned for Phase I. Additional office space with a GFA of 742,000 sq.ft. is planned for Phase II.



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## BUSINESS

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### *Hong Kong*

(i) *28 Hennessy Road (軒尼詩道28號) (formerly called Tai Sang Commercial Building (大生商業大廈))*

This property is in Wanchai, Hong Kong. We acquired the now demolished Tai Sang Commercial Building in November 2007. The redevelopment as an office building is expected to be completed in 2012. The aggregate GFA upon completion is expected to be 145,390 square feet. The total development cost is expected to be HK\$2,028 million and the average development cost per square foot is expected to be HK\$13,949.

As at 30th September 2011, 28 Hennessy Road was valued at HK\$1,712 million. See Appendix III “Property Valuation” to this listing document.

(ii) *23 Tong Chong Street (糖廠街23號)*

This property is located at 23 Tong Chong Street in Quarry Bay, Hong Kong. We completed its acquisition in 2011. The redevelopment of the building as serviced apartments is expected to be completed by 2014. The aggregate GFA upon completion is expected to be 75,082 square feet. The total development cost is expected to be HK\$1,159 million and the average development cost per square foot is expected to be HK\$15,436.

As at 30th September 2011, 23 Tong Chong Street was valued at HK\$732 million. See Appendix III “Property Valuation” to this listing document.

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## BUSINESS

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Below is a photograph showing the existing building at 23 Tong Chong Street which will be redeveloped.



### *(iii) Amalgamation Properties*

We have acquired individual units in several sites in Hong Kong which are being assembled for amalgamation, which are referred to in this listing document as Amalgamation Properties. The assembly and the eventual amalgamation of Amalgamation Properties into sites is part of the Company's strategy for the acquisition of land reserves in strategic locations for future development. We believe that successful amalgamation and subsequent development of the Amalgamation Properties could generate attractive investment returns. The identity of the Amalgamation Properties is highly commercially sensitive and they have therefore been valued internally by qualified surveyors for confidentiality reasons.

As at 30th September 2011, Amalgamation Properties were valued at HK\$5,403 million, which represented less than 2.5% of the aggregate valuation of our property portfolio as at the same date.

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## BUSINESS

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### *The PRC*

#### *(i) INDIGO (頤堤港), Beijing*

In February 2008, we acquired from Sino-Ocean Land a 50% interest in a company which was set up to own, develop and manage a retail-led, mixed use project in Jiang Tai in the Chaoyang district of Beijing. INDIGO will comprise a major retail mall, a Grade A office tower and a 369-room lifestyle business hotel, EAST, Beijing, together with 1,245 car parking spaces. The office tower has started to open. The retail portion is being fitted out and is expected to open in early 2012. The hotel is expected to open in the latter part of 2012. As at 30th September 2011, there were committed tenants (including tenants which have signed letters of intent) for approximately 67% of the retail LFA and 30% of the office GFA.

The following shows the expected mix of space at the INDIGO project:

	<b>GFA</b>
Retail .....	939,493 sq.ft. (or 87,281 sq.m.)
Office .....	595,464 sq.ft. (or 55,320 sq.m.)
Hotel .....	358,269 sq.ft. (or 33,284 sq.m.)
Total for retail, office and hotel .....	1,893,226 sq.ft. (or 175,885 sq.m.)
Carpark .....	1,039,512 sq.ft. (or 96,573 sq.m.)

The retail portion of INDIGO is expected to have a total LFA of approximately 517,878 square feet (or 48,112 square metres). The office portion of INDIGO is leased on a GFA basis.



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## BUSINESS

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A map showing the location of INDIGO is set out below.



The total development cost for INDIGO is expected to be RMB4,012 million (or RMB2,006 million on an attributable basis). The average development cost for INDIGO per square foot of retail, office and hotel GFA is expected to be RMB2,119.

Our investment in the INDIGO development is accounted for using the equity method of accounting as the investment is in a jointly controlled company.

## BUSINESS

(ii) *Dazhongli (大中里), Shanghai*

In December 2006, we acquired from HKR International a 50% interest in the Dazhongli project in the Jing'an district of Shanghai. Jing'an district is one of the prime business and residential districts in Puxi, bordering Huangpu in the east and Changning in the west and including the established Nanjing Road high end retail area. The development is expected to be a major retail-led mixed use project, comprising a retail centre, two office towers, three hotels and 1,217 carparking spaces. The project is expected to have direct access to Shanghai's metro line 13, which is currently under construction.

Below is a map showing the location of the Dazhongli project.



The following shows the expected mix of space at the Dazhongli project:

	GFA
Retail .....	1,062,719 sq.ft. (or 98,729 sq.m.)
Office .....	1,809,934 sq.ft. (or 168,147 sq.m.)
Hotels .....	596,745 sq.ft. (or 55,439 sq.m.)
Total for retail, office and hotels .....	3,469,398 sq.ft. (or 322,315 sq.m.)
Carparks .....	1,171,349 sq.ft. (or 108,821 sq.m.)

The GFA of each portion is subject to final determination and agreement with the local government and could change.

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## BUSINESS

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The retail portion of the Dazhongli project is expected to have a total LFA of approximately 570,158 square feet (or 52,969 square metres). The office portion of the Dazhongli project is expected to be leased on a GFA basis.

Site clearance and resettlement works have largely been completed as at 30th September 2011. Preliminary works have commenced with the relocation of the Minli Middle School and the temporary utility diversion works for the metro station in Shimenyi Road completed. The Dazhongli project is expected to open from 2016 onwards. The total development cost of the Dazhongli project is estimated by the Company to be approximately RMB16,588 million (or RMB8,294 million on an attributable basis). In addition, we invested RMB550 million to acquire our 50% interest in the project. On this basis, our average development cost for the Dazhongli project per square foot of retail, office and hotel GFA is estimated to be approximately RMB5,098. These figures represent the Company's current estimate, would be subject to change if the usage mix changes and in any event will be refined as more detailed plans for the development are adopted.

Our investment in the Dazhongli project is accounted for using the equity method of accounting as the investment is in a jointly controlled company.

*(iii) Daci Temple (大慈寺), Chengdu*

In September 2010, we formed a joint venture with Sino-Ocean Land with a view to developing a site in the Daci Temple area in the Jinjiang District in Chengdu. The land was acquired in December 2010 for a total consideration of RMB2,003 million, 50% of which was contributed by us. In accordance with the Regulations on Administration of State Security Matters on Foreign-related Construction Projects in Sichuan Province 《四川省涉外建設項目國家安全事項管理條例》, part of the land is held by a wholly-owned subsidiary of Sino-Ocean Land and not by the joint venture. Agreements between Sino-Ocean Land and the Company are in place to the effect that each party will be entitled to a 50% interest in, and will be obliged to bear 50% of the costs of, the project.

On 15th December 2011, a non-binding memorandum of understanding was entered into with a wholly-owned subsidiary of Sino-Ocean Land ("**Sino-Ocean Land Subsidiary**") which (on the assumption that binding legal documentation implementing its provisions is entered into) will result in our funding the whole of the remaining land premium (and associated taxes) payable by the joint venture in respect of the Daci Temple project and certain working capital requirements. This amount is expected to aggregate US\$230 million. Our interest in the project will be increased to 81% (and Sino-Ocean Land Subsidiary's will be decreased to 19%) so as to reflect the respective contributions to the overall funding of the project by us and Sino-Ocean Land Subsidiary. Sino-Ocean Land Subsidiary will have the right, exercisable during the period (the "**Call Option Period**") of one year following the increase in our interest in the project, to purchase our additional interest in the project for an amount equal to one half of the above additional funding plus interest at the rate of 10% per annum. We will have the right, exercisable during the period of one year commencing one week before the end of the Call Option Period, to require Sino-Ocean Land Subsidiary to purchase our additional interest in the project for an amount equal to one half of the above additional funding plus interest at the rate of 10% per annum. Until the rights described above are exercised or lapse, our additional interest in the project will be accounted for as a secured loan and our existing interest will continue to be accounted for as a 50% interest in a jointly controlled entity.

## BUSINESS

The Daci Temple project is a mixed use retail-led project in Jinjiang District of Chengdu which comprises a street style retail complex, a boutique hotel with about 100 rooms, 40 serviced apartments and a Grade A office tower. Located in the centre of Chengdu, near to the Chunxi Road shopping area, with access to a future metro interchange station, the project is expected to become a key retail destination in Chengdu.

A map showing the location of the Daci Temple project is set out below.



The project is scheduled to be opened in phases beginning in 2014.

The following shows the expected mix of space of the Daci Temple project when it is completed:

	<b>GFA</b>
Retail.....	1,281,734 sq.ft. (or 119,076 sq.m.)
Hotel .....	146,767 sq.ft. (or 13,635 sq.m.)
Serviced apartments .....	82,280 sq.ft. (or 7,644 sq.m.)
Office <sup>(1)</sup> .....	1,258,010 sq.ft. (or 116,872 sq.m.)
<b>Total for retail, hotel, serviced apartments and office .....</b>	<b>2,768,791 sq.ft. (or 257,227 sq.m.)</b>
Carparks .....	1,257,935 sq.ft. (or 116,865 sq.m.)

Note:

(1) The office portion is intended to be developed for trading purposes.

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## BUSINESS

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Upon completion, the retail portion of the Daci Temple project is expected to have a LFA of approximately 847,611 square feet (or 78,745 square metres).

The total development cost for the Daci Temple project is expected to be RMB6,390 million (or RMB3,195 million on an attributable basis). The average development cost for the Daci Temple project per square foot of retail, hotel, serviced apartment and office GFA is expected to be RMB2,308.

Our investment in the Daci Temple project is accounted for using the equity method of accounting as the investment is in a jointly controlled company.

### *The United States*

#### *Brickell CitiCentre, 601, 700 and 701 South Miami Avenue and 799 Brickell Plaza, Miami*

Brickell CitiCentre is a site of 393,678 square feet in the Brickell financial district in Miami, Florida. Development entitlements for the site have been approved by the City of Miami for a special area plan, which allows a mixed use development of approximately 5.5 million square feet of GFA. Subject to final approval of the project by the Board, it is expected to comprise shops, restaurants, a 243-room hotel with 93 serviced apartments, three office buildings and two residential towers.

Construction is expected to commence in 2012 and to be completed in two phases. Construction of Phase I (the entire project other than an office tower) is expected to be completed in 2015. Construction of Phase II (an office tower) is expected to be completed in 2018.

The following shows the expected mix of space of the Brickell CitiCentre project:

	<u>GFA</u>
Retail .....	520,000 sq.ft.
Office .....	963,000 sq.ft. <sup>(2)</sup>
Serviced apartments .....	108,000 sq.ft.
Hotel .....	200,000 sq.ft.
Residential <sup>(1)</sup> .....	1,100,000 sq.ft.
Total for retail, office, serviced apartments, hotel and residential .....	2,891,000 sq.ft.
Carpark/Circulation .....	2,538,000 sq.ft.

#### Note:

- (1) The residential portion is intended to be developed for trading purposes. For the purposes of the operational data in this listing document, the residential portion is treated as an investment property.
- (2) Office space with a GFA of 221,000 sq.ft. is planned for Phase I. Additional office space with a GFA of 742,000 sq.ft. is planned for Phase II.



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## BUSINESS

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The property is currently classified for accounting purposes as a property held for future development as opposed to investment property and will remain so classified until relevant approvals are obtained. Relevant approvals are expected to be obtained before the end of January 2012. When the relevant approvals are obtained, the property other than the residential portion will be reclassified for accounting purposes as investment property.



### PROPERTY TRADING

We have a well-established record in property trading. We are involved in the development of residential property for sale and our experience in this field includes developing the landmark Taikoo Shing (太古城) estate in Quarry Bay comprising approximately 12,700 units, one of the first major privately built residential estates in Hong Kong.

Our trading portfolio principally comprises completed apartments for sale at the ASIA development in Miami, Florida, as well as properties and land under development or held for future development in Hong Kong, including the AZURA and the ARGENTA projects.

Operating profits from property trading for the three years ended 31st December 2010 and the six months ended 30th June 2011 amounted to HK\$189 million, HK\$70 million, HK\$72 million and HK\$2 million respectively.

The table below sets forth the GFA and other information of our development properties for sale as at 30th September 2011. Information in the table below in respect of each property (other than its valuation) is disclosed in respect of 100% of that property and not on an attributable basis, regardless of whether the property is held through a member of the Group or a jointly controlled or an associated company. Valuations in the table below in respect of each property are disclosed on an attributable basis (or by reference to our economic interest).

PRINCIPAL TRADING PROPERTIES

Hong Kong

Name of project	Total GFA/ planned GFA (in sq.ft.)	Number of Units	Number of carparking spaces	Attributable to the Group (%)	Construction Commencement Date	Actual/ Expected Construction Completion Date	Actual/ Estimated Development Costs (HK\$ in millions)	Total Development Costs Incurred up to 30th September 2011 (HK\$ in millions)	Land Costs Incurred up to 30th September 2011 (HK\$ in millions)	Other Development Costs Incurred up to 30th September 2011 (HK\$ in millions)	Attributable independent valuation as at 30th September 2011 (HK\$ in millions)
<b>Trading properties under development</b>											
AZURA, 2A Seymour Road.....	206,306	126	45	87.5	2005	2012	1,815	1,085	625 <sup>(3)</sup>	460	3,895
ARGENTA, 63 Seymour Road.....	75,805	30	28	100.0	2008	2013	1,142	627	503 <sup>(3)</sup>	124	1,401
33 Seymour Road.....	165,792	127	—	100.0	2009	2014	2,396	1,378	1,251 <sup>(3)</sup>	127	2,503
92-102 Caine Road.....	195,531	197	43	100.0	2010	2016	2,826	1,474	1,433 <sup>(3)</sup>	41	2,503
1-9 and 2-10 Sai Wan Terrace .....	151,944	92	69	80.0	2009	2013	1,998	788	669 <sup>(3)</sup>	119	1,355
148 Argyle Street .....	88,555	53	56	50.0	2010	2013	1,219	723	683	40	494
<b>Trading property held for future development</b>											
8-10 Wong Chuk Hang Road.....	382,500	—	39	50.0	N/A	On hold	N/A	418	394	24	273

United States

Name of project	Total GFA/ planned GFA (in sq.ft.)	Number of Units	Number of carparking spaces	Attributable to the Group (%)	Construction Commencement Date	Actual Construction Completion Date	Total Development Costs (US\$ in millions)	Total Development Costs Incurred up to 30th September 2011 (US\$ in millions)	Land Costs Incurred up to 30th September 2011 (US\$ in millions)	Other Development Costs Incurred up to 30th September 2011 (US\$ in millions)	Attributable independent valuation as at 30th September 2011 (US\$ in millions)
<b>Completed trading property<sup>(1)</sup></b>											
ASIA, Miami.....	75,626	33 <sup>(2)</sup>	—	100.0	2006	2008	N/A	38.8	1.0	37.8	39.6

Notes:

- (1) Information about any completed trading property relates to the unsold units in that property.
- (2) Represents outstanding unsold units. As at 30th September 2011, a total of 90 units had been sold with 89 units delivered.
- (3) Represents the fair market value of the land before the property was reclassified as a trading property.

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## BUSINESS

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### *Hong Kong*

#### *(i) Residential developments in Mid-Levels West, Hong Kong*

We own four sites in Mid-Levels West, a residential district on Hong Kong Island. A map showing the locations of these sites is set out below:



#### *(a) AZURA, 2A Seymour Road (蔚然, 西摩道2A號)*

We hold a 87.5% interest in this development, which is located at 2A Seymour Road. The remaining interest is held by Henderson Land Development Company Limited. The superstructure works were in progress as at the Latest Practicable Date. The development is expected to be completed in 2012, and will consist of a 50-storey tower of 126 residential units and 45 car parking spaces with a total GFA of 206,306 square feet. The total development cost is expected to be HK\$1,815 million and the average development cost per square foot is expected to be HK\$8,798. Pre-sale of the units at AZURA began in November 2010. As at 30th September 2011, 98 of the 126 residential units had been pre-sold. The average selling price per square foot of the 98 units sold up to 30th September 2011 was HK\$22,411.

As at 30th September 2011, AZURA was valued at HK\$3,895 million on an attributable basis. See Appendix III “Property Valuation” to this listing document.

#### *(b) ARGENTA, 63 Seymour Road (瑋然, 西摩道63號)*

ARGENTA is wholly owned by the Group. Superstructure works were in progress as at the Latest Practicable Date. The development is expected to be completed in 2013, and will consist of a 37-storey tower of 30 residential units and 28 car parking spaces with an aggregate GFA of 75,805 square feet. The total development cost is expected to be HK\$1,142 million and the average development cost per square foot is expected to be HK\$15,065.

As at 30th September 2011, ARGENTA was valued at HK\$1,401 million. See Appendix III “Property Valuation” to this listing document.

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## BUSINESS

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(c) *33 Seymour Road (西摩道33號)*

33 Seymour Road is wholly owned by the Group. Foundation works were in progress as at the Latest Practicable Date and the development is expected to be completed in 2014. It will consist of a 48-storey tower of 127 residential units with an aggregate GFA of 165,792 square feet upon completion. The total development cost is expected to be HK\$2,396 million and the average development cost per square foot is expected to be HK\$14,452.

As at 30th September 2011, 33 Seymour Road was valued at HK\$2,503 million. See Appendix III “Property Valuation” to this listing document.

(d) *92-102 Caine Road (堅道92-102號)*

92-102 Caine Road is wholly owned by the Group. Foundation works were in progress as at the Latest Practicable Date and the development is expected to be completed in 2016. The development consists of a 50-storey tower of 197 residential units and 43 car parking spaces with an aggregate GFA of 195,531 square feet. The total development cost is expected to be HK\$2,826 million and the average development cost per square foot is expected to be HK\$14,453.

As at 30th September 2011, 92-102 Caine Road was valued at HK\$2,503 million. See Appendix III “Property Valuation” to this listing document.

We plan to upgrade certain pedestrian walkways, widen a number of pavements and build a pedestrian staircase within the site at 92-102 Caine Road to improve pedestrian flow between Castle Road and Caine Road, subject to the necessary approvals.

(ii) *1-9 and 2-10 Sai Wan Terrace (西灣臺1-9號及2-10號)*

We have a 80% interest in 1-9 and 2-10 Sai Wan Terrace, a residential development in Quarry Bay, Hong Kong. The remaining interest is held by Henderson Land Development Company Limited and a third party.

The substructure works were in progress as at the Latest Practicable Date. The development is expected to be completed in 2013 and will consist of two 21-storey towers of 92 residential units and 69 basement car parking spaces with an aggregate GFA of 151,944 square feet upon completion. The total development cost is expected to be HK\$1,998 million and the average development cost per square foot is expected to be HK\$13,150.

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## BUSINESS

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As at 30th September 2011, 1-9 and 2-10 Sai Wan Terrace was valued at HK\$1,355 million on an attributable basis. See Appendix III “Property Valuation” to this listing document.



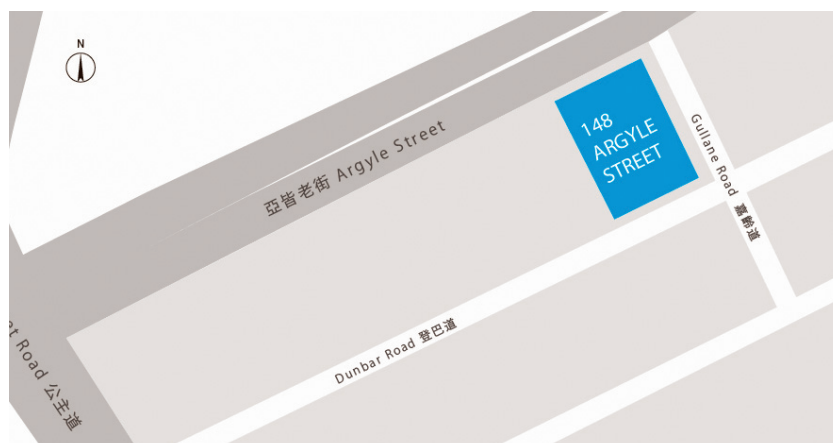
(iii) 148 Argyle Street (亞皆老街148號)

148 Argyle Street is a residential development in Ho Man Tin, Kowloon. We hold a 50% interest in the development and the remaining 50% interest is held by Independent Third Parties.

The substructure works were in progress as at the Latest Practicable Date. The development is expected to be completed in 2013 and will have an aggregate GFA of approximately 88,555 square feet upon completion. It will consist of a 23-storey tower with 53 residential units and 56 car parking spaces. The total development cost is expected to be HK\$1,219 million and the average development cost per square foot is expected to be HK\$13,765.

As at 30th September 2011, 148 Argyle Street was valued at HK\$494 million on an attributable basis. See Appendix III “Property Valuation” to this listing document.

A map showing the location of 148 Argyle Street is set out below.



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## BUSINESS

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### *The United States*

We have a number of properties in Florida in the United States.

ASIA, located on the northern edge of Brickell Key in downtown Miami, is a luxury high rise residential condominium with 123 units. The property was completed in April 2008. As at 30th September 2011, 90 units had been sold. The average size of these units is approximately 2,300 square feet. The average selling price of units sold up to 30th September 2011 was approximately US\$622 per square foot.

The Mandarin Residence site on Brickell Key comprises 105,372 square feet at the bottom left in the photo below of Brickell Key island adjacent to the Mandarin Oriental, Miami.



Our properties in Fort Lauderdale in Florida comprise three vacant land parcels, which are in aggregate 182,191 square feet. The land is intended to be developed into a mixed use project and is held by a partnership which is 75% owned by the Company.

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## BUSINESS

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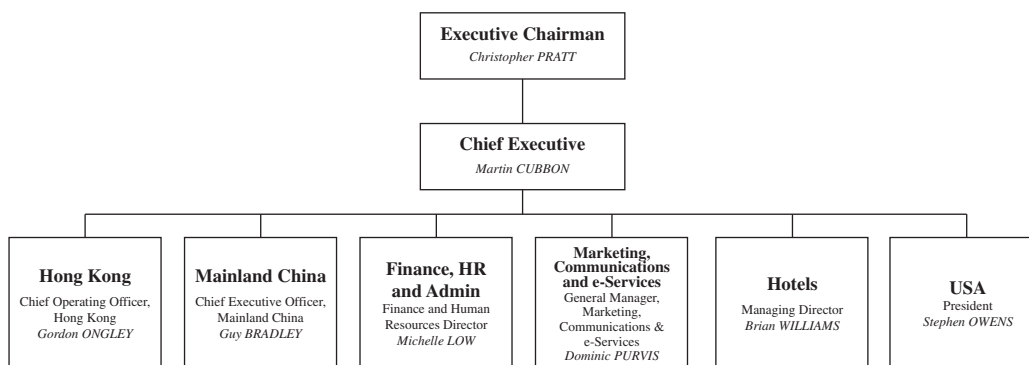
### LEASING AND MANAGEMENT BUSINESS

In addition to developing properties owned by us, we also manage the redevelopment and are responsible for the leasing and management of a property owned by Swire Pacific at 53 Stubbs Road, The Peak, Hong Kong known as OPUS HONG KONG. OPUS HONG KONG is a prime residential development on the Peak, an exclusive residential area. It consists of a 12-storey residential building with ten whole-floor units and two double-level garden apartments. Gehry Partners, LLP, the firm led by the Pritzker prize winning architect Frank Gehry, is the design architect for OPUS HONG KONG. Construction was completed in October 2011.



### ORGANISATION OF BUSINESS

The following chart summarises the organisation of our business:



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## BUSINESS

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### PLANNING AND DEVELOPMENT

The development process for each proposed new development is managed by a development team. Each development team is made up of representatives from the development and valuations, project management, finance, residential and portfolio management departments. Issues such as the feasibility, potential profitability, design, material costs, project management, market demand and property management for each proposed new development are appraised by the team for the development. The development team seeks support from the sustainable development and technical services departments. The development team reports to general managers on the performance of each project and the general managers are accountable to the Directors. We believe that, by employing an integrated design, construction and hand over process for each project, we are able to create value through a combination of effective cost control and good time and quality management. The development team may appoint and coordinate the use of external consultants (for example architects, engineers, interior designers and surveyors) as and where necessary.

### DEVELOPMENT AND VALUATIONS

#### *Hong Kong*

Our development and valuations department comprises over 20 professionally qualified surveyors, and is responsible for pre-purchase measures such as conducting site inspections, drawing up financial models and carrying out qualitative analyses to determine the development feasibility and potential profitability. The team is responsible for site acquisitions and reports to the Chief Operating Officer, Hong Kong, who oversees the bidding at auctions, the submission of tender documentation or the negotiation of private sales as appropriate. It is also responsible for land and planning issues and undertakes applications for lease modifications, land exchanges and liaison with the Planning and Lands Departments of the Hong Kong government and the Town Planning Board. The team also handles all valuations for the purpose of accounts, feasibility studies, acquisitions, disposals, land premiums, rating and insurance. Other responsibilities include semi-annual valuations of our investment property portfolio in parallel with the independent valuations carried out by a third party professional valuer.

#### *PRC*

The planning, development and land acquisition functions of our PRC operations are undertaken by the business development teams located in our regional offices in Beijing, Shanghai, Guangzhou and Chengdu, who evaluate new opportunities and (through the Chief Executive Officer, Mainland China) seek Board approval for new projects. In addition to developing projects with our PRC joint venture partners, we have the ability to develop and manage properties in the PRC on our own.

We have established four regional offices as we believe that local knowledge is critical to making informed choices. Each regional office is headed by an experienced property professional with substantial experience in the PRC real estate market.

We engage third party architects, surveyors, engineers and other consultants on a project by project basis to evaluate individual projects.



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## BUSINESS

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We have to date acquired our principal PRC properties (except the Daci Temple project) through private negotiation rather than through public auction or tender. We believe that our reputation as a premium developer providing high quality design, development and management, as demonstrated through our Hong Kong portfolio, has resulted in our receiving offers to acquire development sites or invitations to enter into joint venture agreements. We believe that this reputation extends to district and city governments who have approached us about site development and expect new opportunities to be forthcoming. However, we may not always be able to acquire suitable land in the PRC at a reasonable cost. See the section headed “Risk Factors — Risk Relating to Our Business — We may not always be able to obtain suitable land reserves at reasonable cost” in this listing document.

For long term investment we will where possible identify opportunities that have the same characteristics as those in Hong Kong, in particular good access and transport links.

### PROJECT MANAGEMENT

#### *Hong Kong*

Responsibility for management of the design, construction and hand over of a project rests with our projects department. The role of the projects department is to make any necessary applications under the Buildings Ordinance, award contracts to construction contractors, appoint independent consultants and monitor and supervise progress, especially in respect of construction quality and adherence to budget and schedule.

We use high quality materials and pay strong attention to detail in designing and building our developments. We work with high quality overseas and local designers with a view to achieving creative, innovative and elegant designs while being sensitive to our environmental and social responsibilities.

The projects department has responsibility for preparing, soliciting and awarding tenders for demolition, site formation, construction and fixtures and fittings.

#### *PRC*

We have a project team for each of our development projects, which is headed by an experienced construction professional as project director. In the case of our joint ventures, we typically second experienced construction staff to the joint venture in order to monitor the quality and other aspects of the project.

Each project director manages a team of architects, engineers, surveyors and other professionals with a view to ensuring that the design intent is achieved. Extensive on-site management is required to monitor the quality of workmanship and adherence to construction drawings.

### CONTRACTING

#### *Hong Kong*

Apart from ownership of a landscaping contracting company, Oriental Landscapes Limited, we do not have any in-house construction contracting capability. Instead, we typically contract out our construction work to independent construction companies through a tender process. The projects

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## BUSINESS

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department is responsible for selecting our construction contractors, taking into account the reputation of the contractors for reliability, quality and safety, price quotations and the references provided in the selection process. The quality and timeliness of the construction is warranted by contract. The projects department monitors cost control and construction progress closely during construction with strong on-site supervision and stringent quality control procedures.

Generally, we use three different types of construction contract. When the design of a project or part of a project is mature and the chance of design variations during construction is small, then a lump sum fixed price contract is usually entered into. Lump sum fixed price contracts are also used for design and build contracts such as those for foundations designed by the contractor. Guaranteed maximum price contracts are employed where design development risks are shared with the contractor while at the same time the price is capped. Target cost contracts are adopted mainly for renovations, where the contractor's input is necessary in order to resolve unforeseen issues involving the condition of the property and delays due to late responses from tenants.

We have direct contracts with suppliers, for instance of artwork, landscaping, utility services and signage.

### *PRC*

We do not operate our own contracting company. We typically contract out our construction work to independent construction companies through a tender process. The project director is responsible for selecting construction contractors, taking into account the reputation of the contractors for reliability, quality, safety and the prices tendered. The quality and timeliness of the construction are warranted by contract. The relevant project teams monitor cost control, quality assurance and construction progress.

We require the construction companies to comply with PRC laws and regulations relating to the quality of construction as well as our own standards and specifications. The contract is usually a lump sum contract that provides for payments based on construction progress and has provisions for price variations in defined circumstances.

For the years ended 31st December 2008, 2009 and 2010 and the six months ended 30th June 2011, purchases from our single largest contractor accounted for approximately 22.0%, 29.6%, 35.0% and 36.9%, respectively, of our total purchases from contractors for the respective periods. For the same periods, purchases from our five largest contractors accounted for approximately 50.6%, 78.2%, 75.4% and 88.7% respectively, of our total purchases from contractors for the respective period.

None of the Directors, their associates nor Swire Pacific had any interest in our five largest suppliers during the Track Record Period.

## **MARKETING, COMMUNICATIONS AND E-SERVICES**

### *Hong Kong*

Our Marketing, Communications and e-Services Departments comprise central teams overseeing corporate and portfolio marketing, public affairs and e-services.

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## BUSINESS

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Marketing responsibilities include managing the corporate brand, providing marketing support to the portfolio management teams, communicating corporate initiatives to key target audiences, and providing marketing input to the project design process. Major corporate-level communications tools, such as websites, showsuites, videos and marketing collateral, are designed for use by portfolio management teams. The retail and office promotions teams, and the hotel marketing teams are responsible for campaigns such as product launches and campaigns to build traffic and sales. Research programmes and major marketing initiatives in relation to leasing are led by the central marketing team, typically coordinating the needs of several portfolios.

Our public affairs department focuses on communications to the media, stakeholder engagement (particularly with district councils in Hong Kong), reputational issues and community engagement. It tracks public perception of a variety of issues affecting the Company and manages campaigns to address such issues where appropriate. The Swire Properties Community Ambassador (staff volunteering) programme is managed by our public affairs department, as are the Group's corporate social responsibility initiatives and community outreach, education, youth and arts programmes. We were awarded the Fourth Hong Kong Volunteer Award (Corporate Award) for 2011 by the Agency of Volunteer Service.

Our e-services department is responsible for developing and maintaining IT systems to support property trading, leasing and management. It also provides IT and technical support and consults on technical service requirements for new property developments and building service improvements.

### *PRC*

Our corporate marketing in the PRC is led by our corporate marketing team based in Hong Kong. This team determines corporate marketing strategies for the Swire Properties brand. Individual project marketing is the responsibility of the individual portfolio head for each project under the guidance of the general manager, portfolio management (Mainland China) to ensure consistency. Each project is unique and requires dedicated and individual marketing to suit both the project and the relevant city.

There is a public affairs department in Beijing which oversees public affairs in the PRC. Each city where we have a project has a public affairs function based in the city in order to establish strong local communications and to ensure the Swire Properties brand is projected in a consistent manner.

### **RESIDENTIAL**

Our residential sales department is responsible for the sales of residential trading properties as well as the disposals of investment properties from time to time. It is involved in the design development of residential properties and is primarily responsible for the size, layout, interior design of the units, common areas, amenity facilities and landscape areas. Before sales launch, it closely monitors market conditions and is responsible for formulating the sales and marketing strategy, including pricing and a sales programme. The sales team works closely with the marketing team in preparing marketing materials for the sales launch and with the property management team on the preparation of the deed of mutual covenant and the setting of property management fees. During the sales launch period, the department handles negotiations with purchasers and agents, as well as sales administration, and deal with the execution of legal documentation.

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## BUSINESS

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Our residential leasing and management department is responsible for the leasing and management of the residential investment portfolio, which consists of serviced apartments in Pacific Place and prestige houses and apartments on the Peak and Island South. Leasing is conducted directly or through agents. Lease terms for our residential leases generally range from one month to two years. The leasing and management department closely monitors the residential leasing market conditions and market trends. Property management responsibilities include the preparation of operating budgets, cost control and provision of maintenance and security services.

Our group estate management department is responsible for the management of residential properties which have been sold to individual unit owners. It is also involved in the design of residential trading developments and is responsible for ensuring a smooth handover of units to purchasers and providing professional property management services.

The residential marketing department is responsible for executing marketing initiatives of the residential sales, leasing and management departments. Key responsibilities include formulating marketing plans and strategy, preparing product launch campaigns, branding and positioning, advertising and media, public relations, production of marketing collaterals and construction of showflats or showsuites.

### PORTFOLIO MANAGEMENT

#### *Hong Kong*

We provide leasing and management services for a number of commercial properties which are wholly owned or parts of which are owned by us for investment purposes. The objective is to provide high quality services appropriate to the high quality of the properties, to enable us to maximise rental returns and to achieve long term capital appreciation.

There is a separate department responsible for leasing and management of our office and retail developments. Leasing is conducted either directly or through the appointment of agents. Property management services include the preparation of operating budgets, cost control and provision of building maintenance and security services. We employ independent contractors to provide cleaning and larger-scale building maintenance services.

Integration of our leasing and management functions enables emphasis to be placed on long-term value creation and relationships.

Our principal customers are tenants of our commercial investment properties in Hong Kong. Lease terms for our principal investment properties generally range from three to five years for retail tenants and three to six years for office tenants. Rental rates under our retail leases generally increase at a fixed, pre-agreed amount each year. In addition, our leases with terms of more than three years will generally provide that the rents payable are reviewed and adjusted every three years or at other intervals in accordance with prevailing market levels.

For the years ended 31st December 2008, 2009 and 2010 and the six months ended 30th June 2011, the turnover attributable to our five largest customers was less than 30% of our total turnover in each period.

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## BUSINESS

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None of the Directors or their associates nor Swire Pacific had any interest in our five largest customers during the Track Record Period.

### *PRC*

We manage our investment properties either ourselves, as is the case at Sanlitun Village and TaiKoo Hui, or jointly with our joint venture partners, as is expected to be the case at the INDIGO, Dazhongli and Daci Temple projects.

Our property management in the PRC will follow the integrated leasing and management approach adopted in Hong Kong. We believe that combining the leasing and portfolio management functions assures our tenants of high quality services.

### **U.S. BUSINESS PRACTICES**

Before any project commitment is made, we conduct site inspections, research market prospects, develop financial modelling and carry out qualitative analysis of the product to determine cost feasibility and profit potential of the project. In the case of site acquisition, site assessment will include environmental testing, analysis of buildable square footage and massing, soil testing for constructability and valuation to determine pricing. In the majority of site acquisitions that we consider, the sites are privately held and negotiation of price will also determine allocation of such costs and benefits as taxes, title insurance and existing planning permissions.

We direct the design and construction process, providing oversight of project construction including schedules, budgets, design submissions, change orders and the final product. Our staff directly approve all payments based on a contractually pre-agreed progress payment schedule, jointly authorised by the project architect. Contractually pre-agreed amounts for remedial work and contingencies are retained until required thresholds are met and occupancy permits are received.

We engage third party construction contractors who are selected on the basis of competitive bids. The contractors must be arm's length entities in which no staff member of our U.S. operations has any interest. While contracts are awarded primarily on the basis of cost and fees, staff also consider the experience of assigned personnel and the contractor overall, construction schedules, guarantees of completion and quality, insurance and warranties.

We decide the market positioning of our development projects. In addition to public and governmental relations, we implement all project marketing activities, including advertising, events and e-commerce. Sales are handled by two subsidiaries which manage, respectively, sales of our condominium projects and general residential real estate. Both subsidiaries are supervised by senior staff with a view to achieving price and profitability targets, high ethical standards and legal compliance in a regulated industry.

We use third party property management. By charter, maintenance of the Brickell Key island is handled by the Brickell Key Master Association, funded by membership dues payable in respect of all buildings. For new residential developments, we retain an outside company to carry out accounting, building maintenance and staffing and administration of the individual condominium association. Because condominium management companies are highly regulated (including statutory limits on tenure) and generate low profit margins, we prefer third party management.

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## BUSINESS

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### U.K. BUSINESS PRACTICES

We conduct our U.K. hotel operations through New Light Hotels Limited, a wholly-owned subsidiary of the Company.

Operational management decisions are made by the managing director of the Swire Hotels division, supported by the executive management group (comprising finance, operations, projects and marketing), and in close consultation with personnel in Hong Kong. Project management is led by external consultants. Support is provided by external professional advisers (in particular architects and quantity surveyors). Construction contractors for our U.K. hotels are selected on the basis of competitive bids, using criteria similar to those used in our operations in Hong Kong.

All of our U.K. hotels are operated by the Group itself.

### COMPETITION

#### *Hong Kong*

The property development and investment business in Hong Kong is highly competitive. The Group competes with other property developers in bidding for development sites at government auctions and in public and private tenders as well as in private sales of prospective development properties. Once it has developed a property, the Group competes with other property companies and owners for buyers or to attract and retain tenants. Despite the competitive environment, the Group has been able to achieve satisfactory sales and maintain high average occupancy rates for its investment properties. The Directors believe this is partly due to our brand name and the quality of our investment properties which we maintain by renovating and upgrading the facilities on a regular basis.

#### *PRC*

Our existing and potential competitors include major developers in the PRC and Hong Kong and, to a lesser extent, foreign developers from elsewhere in Asia. Some of our competitors target different segments of the PRC property market; some engage in other activities in addition to property development; and some are focused regionally or nationally.

### INTELLECTUAL PROPERTY

We have registered or applied to register a number of trademarks in connection with our properties, facilities and development projects. We also have trademark licence agreements with JSS, which grant us the right to use certain trademarks owned by JSS. These trademarks are brand names under which we market our properties and services. We consider these brand names to be important to our business since they have the effect of developing brand identification and awareness. We believe that the name recognition, reputation and image that we have developed is attractive to our tenants, customers and business partners. It is our intent to maintain our trademark registrations and our trademark agreements with JSS.

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## BUSINESS

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### INSURANCE

All properties, completed and under development, owned by the Company are in general insured to standards in line with industry practice in the jurisdictions in which we operate. The principal insurances in place for completed properties are property all risks and business interruption insurances, which respectively cover building reinstatement costs and the loss of up to 24 months' rental income; and commercial liability insurance. The principal insurances in place for our properties under development are construction all risks insurances. The Company places combined property all risks and business interruption insurance for its completed Hong Kong properties with Spaciom, which purchases appropriate commercial reinsurance. All insurances are competitively bid and insurance brokers are retained to identify requirements, create specifications and evaluate bids with a view to determining the most appropriate coverage and pricing.

### ENVIRONMENTAL MATTERS

Our commitment to sustainable development requires that we understand our impact on people and the environment and that we incorporate social, economic and environmental risks and benefits into our business decision-making and into the inception, design, construction, occupation and demolition phases of our development projects. We believe that all our properties comply in all material respects with applicable environmental laws and regulations, including those related to waste disposal, water pollution control, air pollution control and noise control.

The technical services and sustainability department ensures new projects and operating buildings as well as general business processes are managed in a sustainable manner. It facilitates the development of our sustainable development strategy, supports the implementation of sustainable development policies and guidelines and reports on performance. It carries out studies for new development projects in order to identify opportunities to reduce their environmental impact and qualify for the relevant building rating review process in collaboration with the project development teams. It looks after our environment, health and safety (EHS) databases, occupational health and safety action plans, risk management and recovery plans, and energy and waste reduction efforts for operating properties, all in accordance with appropriate EHS assessment criteria. The department runs free energy audits for tenants and education and awareness programmes on environmental matters for employees and tenants.

We affect the environment by emitting greenhouse gases when we use electricity, by generating waste when we build and operate our buildings (approximately 40,838 tonnes in 2010), by using water, by affecting air quality and by making noises. Environmental regulations to which we are subject include those relating to radiation, waste, water, noise and food safety and to the preparation of environmental impact assessments. We believe that we are and have been in substantial compliance with those regulations. With a view to ensuring such compliance, we have dedicated environmental and health and safety managers and reporting systems to senior management. We place particular emphasis on improving energy efficiency, for instance by using water instead of air cooled chillers and by improved window glazing, and on reducing water usage. It is our policy to review on a regular basis the environmental risks to which we may be subject. The costs of environmental compliance which we identify separately are those incurred in obtaining environmental licences and registrations (approximately HK\$60,000 per annum during the Track Record Period) and those incurred in complying voluntarily with the requirements of the HK BEAM and LEED requirements (approximately HK\$ 1.9 million during the Track Record Period). Our other costs of environmental

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## BUSINESS

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compliance are included (but not separately identified) in other cost categories, for example operating costs. We are recognised as a leader on sustainable development issues in Hong Kong and have received international and local awards in recognition of our efforts, including:

- 2011 Sustainable Hotel Award - Sustainable Project Design by Hotel Investment Conference Asia Pacific (The Upper House, 2011)
- Silver Award - Commendation Scheme on Source Separation of Commercial and Industrial Waste from the Environmental Protection Department (TaiKoo Place, 2011)
- Hong Kong ICT Awards 2011 - Best Green ICT (Innovation) Certificate of Merit Award (Swire Properties Limited, 2011)
- Client of the Year - Low Carbon Operation, from the Chartered Institution of Building Services Engineers (Swire Properties Limited, 2010)
- Corporate Energy Management - Central and Southern Asian Region Award, from the Association of Energy Engineers (Swire Properties Limited, 2008)
- OSH Annual Report Award - Gold, from the 7th Hong Kong Occupational Safety and Health Awards (Swire Properties Limited, 2008)

Most of our buildings have received ratings under the HK BEAM and LEED building rating schemes. In 2008, One Island East received a HK BEAM Platinum rating and Office Tower One & Two at TaiKoo Hui development have recently been pre-certified as meeting LEED Gold Certification standards.

The Technical Services and Sustainability Department supports public research in energy efficiency through collaboration with universities and international industry associations. It also provides information on our position on public policy issues related to building operations, such as the response to mandatory building energy efficiency codes, energy efficiency benchmarking schemes, and building energy and carbon disclosure guidelines. We have published 22 papers relating to environmental matters in professional journals. We actively participate in public forums and working groups to progress the property industry's awareness, knowledge and response to sustainable development issues. The Company is a patron sponsor and corporate member of the Hong Kong Green Building Council and a member of the Climate Change Business Forum.

## HEALTH AND SAFETY

We are subject to the health and safety requirements of the jurisdictions in which we operate including, in Hong Kong, the Occupational Health and Safety Ordinance and the Factories and Industrial Undertakings Ordinance. We have policies and systems in place designed with a view to ensuring compliance with such requirements. We believe that we are and have been in substantial compliance with such requirements. From the beginning of the Track Record Period up to the Latest Practicable Date, four employees of contractors died and one employee of a contractor were seriously injured at our construction sites and one of our employees was seriously injured at one of our properties. Our liability to our employees is covered by insurance, which we are required by law to take out. We do not have an insurable interest in relation to the employees of our contractors. Our contractors are required by law to take out insurance which covers their liabilities to their employees.



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## BUSINESS

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### LEGAL COMPLIANCE

We are in compliance in all material respects with the relevant laws and regulations in Hong Kong, the PRC, the U.K. and the U.S.. To the best of the Directors' knowledge, we have obtained all approvals and permits that are material for the Group's operations in the PRC and elsewhere.

### LEGAL PROCEEDINGS

We are involved in legal proceedings from time to time arising in the ordinary course of business. As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Group, that would have a material adverse effect on its business, results of operations or financial condition.

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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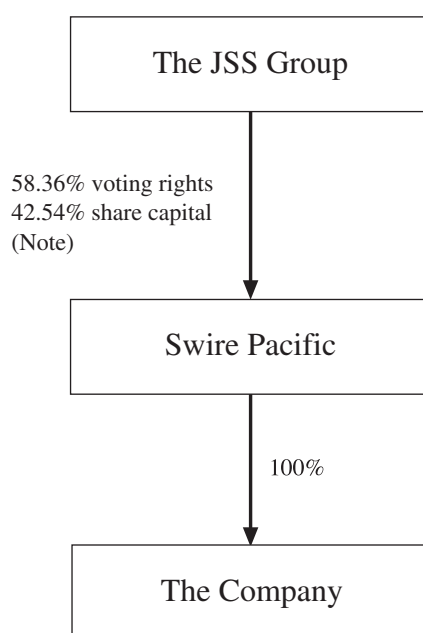
### RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

#### Shareholding relationship

As at the Latest Practicable Date, JSS owned (through its wholly-owned subsidiaries) approximately 42.54% the issued share capital and approximately 58.36% of the voting rights in Swire Pacific, which owned 100% of the issued share capital of the Company. The Company was therefore a subsidiary of both Swire Pacific and JSS. Immediately after the Swire Pacific Distribution and the Listing, the Company will remain a subsidiary of both Swire Pacific and JSS and will be owned by Swire Pacific as to approximately 82% and by the JSS Group as to approximately 8% in addition to its interests through Swire Pacific.

The shareholding relationship between the Company, Swire Pacific and the JSS Group as at the Latest Practicable Date and that immediately after the Swire Pacific Distribution and completion of the Spin-off are summarised below:

*As at the Latest Practicable Date*



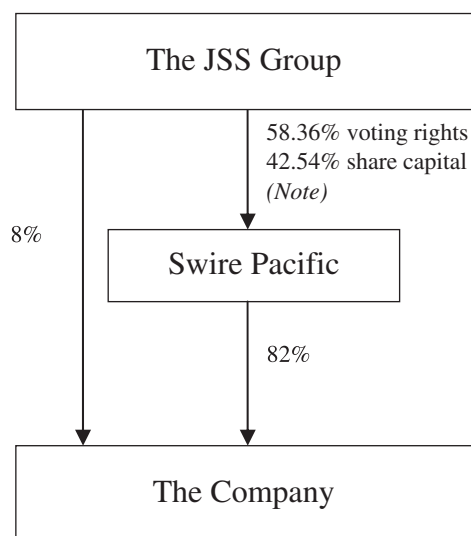
*Note:* As at the Latest Practicable Date, the JSS Group held 230,997,520 'A' shares and 2,045,353,745 'B' shares in the share capital of Swire Pacific. Except for voting rights, which are equal, the entitlements of 'A' and 'B' shareholders of Swire Pacific are in the proportion of 5 to 1. Accordingly, as at the Latest Practicable Date the JSS Group was entitled to 58.36% of the voting rights at general meetings of Swire Pacific and held in aggregate 42.54% of the total issued share capital of Swire Pacific.

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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*Immediately after the Swire Pacific Distribution and completion of the Spin-off*



*Note:* The JSS Group's holdings in Swire Pacific as at the Latest Practicable Date are shown in the chart above.

### Retained Properties

The Retained Group will retain the following properties after the Listing.

- (i) The Retained Group will retain an industrial property at sub-section 1 of section A of Tsing Yi Town Lot No. 48 and the extension thereto (Nos. 4-6 Tsing Tim Street) ("**TYTL 48**"). TYTL 48 is presently partly vacant. Parts of the property are currently leased to other parties (including the Company). Swire Pacific has not transferred TYTL 48 to the Group because any transfer is subject to the consent of the Hong Kong Government, which has indicated that it will only consent to a transfer to a wholly-owned subsidiary of Swire Pacific. Swire Pacific, the Company and a wholly-owned subsidiary of the Company (Triple Sight International Limited ("**Triple Sight**")) entered into a development agreement on 31st December 2009 in relation to TYTL 48, under which (in consideration of a lump sum payment by the Group to Swire Pacific of HK\$169 million) all the economic benefits and burdens of owning TYTL 48 (including those associated with any redevelopment) have been transferred to Triple Sight. TYTL 48 has been accounted for as an investment property in the consolidated balance sheet of the Group as at 30th June 2011. We understand that the Retained Group does not currently have any intention of transferring TYTL 48 to the Group in the future. An announcement will be published as soon as reasonably practicable after we become aware of any change in such intention. We do not currently have any intention to change the usage of TYTL 48. The valuation at 30th September 2011 of TYTL 48 appearing in Appendix III "Property Valuation" to this listing document is HK\$197.4 million.
- (ii) The Retained Group will retain a 12-storey residential building of 68,242 square feet at 53 Stubbs Road, The Peak, Hong Kong ("**53 Stubbs Road**"), a prime residential development known as OPUS HONG KONG and located in the Eastern Mid-levels of Hong Kong, an exclusive residential area. Site formation and foundation works began in 2009 for a 12-storey residential building of 68,242 square feet. For further details of OPUS HONG

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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KONG, see the section headed “Business — Leasing and Management Business” in this listing document. 53 Stubbs Road is being retained for reasons of taxation efficiency. The property was acquired by Swire Pacific in 1973 and was used for company housing until 2007. Additional land premium was paid in 2007 to allow for redevelopment and the building was demolished in 2008. Swire Pacific and 53 Stubbs Road Development Co. Limited (a wholly-owned subsidiary of the Company) (“**Stubbsco**”) entered into a development agreement on 14th April 2010 in relation to 53 Stubbs Road (which was amended on 4th October 2011) under which Swire Pacific agrees to pay the cost of the redevelopment and to pay to the Group a 1% project management fee. 53 Stubbs Road is being redeveloped for residential purposes. We understand that the Retained Group does not currently have any intention of transferring 53 Stubbs Road to the Group in the future. An announcement will be published as soon as reasonably practicable after we become aware of any change in such intention. On the basis of the valuation of 53 Stubbs Road which was carried out for the purpose of the interim accounts of Swire Pacific for the six months ended 30th June 2011, the property would not have represented a significant portion of the value of the Company’s property portfolio as at 30th June 2011 and we do not consider 53 Stubbs Road to be a sufficiently material asset to affect the delineation of the Group’s business from that of the Retained Group.

### **Inter-group Funding**

As at 30th June 2011 the Group had outstanding loans from the Retained Group in the aggregate amount of approximately HK\$33.0 billion (the “**Inter-group Funding**”). The Inter-group Funding, when advanced to the Group, represents monies lent by the Retained Group to the Group from the proceeds of third party financings obtained by the Retained Group (the “**Swire Pacific Financings**”). As at 31st October 2011, there was also a loan facility of US\$85 million in respect of the Mandarin Oriental Hotel in Miami (the “**Mandarin Loan**”) which is guaranteed by Swire Pacific (the “**Mandarin Guarantee**”). The Mandarin Oriental Hotel was built as a joint venture between Swire Pacific and Mandarin Oriental International. Although Swire Pacific’s indirect interest in that joint venture was transferred to the Company on 25th January 2010, the Mandarin Guarantee will remain in place after the Listing.

On 31st March 2010, Swire Properties Finance, the Company and Swire Finance entered into the Inter-group Loan Agreements (as amended on 31st October 2011) to record the terms of the borrowings by the Group from Swire Finance. The Inter-group Loan Agreements, which consist of five agreements, substantially mirror the terms and maturity profile (currently ranging, disregarding the perpetual element of the Inter-group Funding, up to seven years) of the underlying borrowings of Swire Finance from third parties and the Inter-group Funding bears interest at the interest rates referred to in the section “Financial Information — Factors Affecting Results of Operations — Access to and Cost of Funding”. The underlying borrowings are in the form of (a) term loans; (b) revolving credit facilities; (c) bonds issued under Swire Pacific group’s US\$3.5 billion medium term note programme; and (d) perpetual capital securities. No security has been given by the Group in respect of the Inter-group Loan Agreements. The interest costs payable in respect of the indebtedness owed by us to Swire Finance during the Track Record Period are shown in the section “Financial Information — Factors Affecting Results of Operations — Access to and Cost of Funding” in this listing document.

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## **RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS**

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The amount outstanding under the Inter-group Loan Agreements will reduce in accordance with the relevant maturity dates of the underlying borrowings or (where permitted) upon prepayment by the Company. However, the Company may also make further borrowings under the revolving credit facilities under the relevant Inter-group Loan Agreement until one month prior to the final maturity of each underlying revolving credit facility — the last of which is 31st May 2015.

The borrowings under the Inter-group Loan Agreements are used for the general corporate funding requirements of the Group. Interest is charged to the Company in respect of each facility under the Inter-group Loan Agreements at an all-in cost on the underlying loans and bonds to reflect the rates of interest, margin and the Company's proportionate share of any fees and hedging costs/savings in respect of the relevant (direct or indirect) borrowings of Swire Finance from third parties. The representations and warranties, covenants, undertakings and events of default in the Inter-group Loan Agreements substantially mirror the equivalent terms in the underlying borrowings. The Inter-group Loan Agreements do not contain terms entitling Swire Finance to require repayment or cancellation under the relevant Inter-group Loan Agreement where an underlying borrowing or facility is repaid voluntarily or is required to be repaid by reason of a default.

### **INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS**

The Board is satisfied, on the basis of the following matters, that the Group is capable of carrying on its business independently of the Controlling Shareholders (including any associates of the Controlling Shareholders) after the Listing.

#### **Independence of boards and management**

The Company has a board and senior management that function independently from the Retained Group and from the JSS Group. Although there are common directors between the Company and Swire Pacific, there are only two common executive directors, namely the chairman and the chief executive of the Company. The executive chairman of the Company participates in the strategic planning and general management of the Group and not its daily operations. The chief executive of the Company is involved in the strategic planning and general management of Swire Pacific and not its daily operations. Five of the 14 Directors are independent non-executive Directors, who are independent of Swire Pacific as well as the JSS Group. The senior management of the Company comprises 14 persons, 13 of whom are independent of both Swire Pacific and the JSS Group. Three of the non-executive Directors, representing less than half of the non-executive board of the Company, are also directors of Swire Pacific and/or the JSS Group.

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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The following table shows the directorship and/or employment relationship (if any) which the Directors and senior management of the Company have with Swire Pacific or JSS and their roles (if any) in Swire Pacific and JSS.

<u>Name</u>	<u>The Company</u>	<u>Swire Pacific</u>	<u>JSS</u>
PRATT, Christopher Dale	<p>Chairman and executive director</p> <p>Participates in the strategic planning and general management and not in the daily operations.</p>	<p>Chairman and executive director</p> <p>Participates in the strategic planning and general management and not in the daily operations.</p>	<p>Chairman* and employee*</p> <p>Participates in the strategic planning and general management and not in the daily operations.</p> <p>On secondment to the Company, Swire Pacific, Hong Kong Aircraft Engineering Company Limited (a listed subsidiary of Swire Pacific) and Cathay Pacific Airways Limited (a listed associated company of Swire Pacific).</p>
CUBBON, Martin	<p>Chief executive and executive director</p> <p>Participates in the strategic planning and general management and in the daily operations.</p>	<p>Executive director</p> <p>Participates in the strategic planning and general management and not in the daily operations.</p>	<p>Director* and employee*</p> <p>Participates in the strategic planning and general management and not in the daily operations.</p> <p>On secondment to the Company and Swire Pacific.</p>

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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Name	The Company	Swire Pacific	JSS
LOW, Mei Shuen Michelle	Executive director  Participates in the strategic planning and general management and in the daily operations.	N/A	Employee*  On secondment to the Company.
BRADLEY, Guy Martin Coutts	Executive director  Participates in the strategic planning and general management and in the daily operations.	N/A	Employee*  On secondment to the Company.
HO, Cho Ying Davy	Executive director  Participates in the strategic planning and general management and in the daily operations.	N/A	N/A
ONGLEY, Gordon James	Executive director  Participates in the strategic planning and general management and in the daily operations.	N/A	N/A
HUGHES-HALLETT, James Wyndham John	Non-executive director  Participates in the strategic planning and general management and not in the daily operations.	Non-executive director  Participates in the strategic planning and general management and not in the daily operations.	Chairman and employee  Participates in the strategic planning and general management and in the daily operations.

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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Name	The Company	Swire Pacific	JSS
KILGOUR, Peter Alan	<p>Non-executive director</p> <p>Participates in the strategic planning and general management and not in the daily operations.</p>	<p>Executive director</p> <p>Participates in the strategic planning and general management and in the daily operations.</p>	<p>Director* and employee*</p> <p>Participates in the strategic planning and general management and not in the daily operations.</p> <p>On secondment to Swire Pacific.</p>
SWIRE, Merlin Bingham	<p>Non-executive director</p> <p>Participates in the strategic planning and general management and not in the daily operations.</p>	<p>Non-executive director</p> <p>Participates in the strategic planning and general management and not in the daily operations.</p>	<p>Director and employee</p> <p>Participates in the strategic planning and general management and in the daily operations.</p>
BRADLEY, Stephen Edward	<p>Independent non-executive director</p> <p>Participates in the strategic planning and general management and not in the daily operations.</p>	N/A	N/A
CHAN, Cho Chak John	<p>Independent non-executive director</p> <p>Participates in the strategic planning and general management and not in the daily operations.</p>	N/A	N/A
CHENG, Hoi Chuen	<p>Independent non-executive director</p> <p>Participates in the strategic planning and general management and not in the daily operations.</p>	N/A	N/A



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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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Name	The Company	Swire Pacific	JSS
ETCHELLS, Paul Kenneth	Independent non-executive director  Participates in the strategic planning and general management and not in the daily operations.	N/A	N/A
LIU, Sing Cheong	Independent non-executive director  Participates in the strategic planning and general management and not in the daily operations.	N/A	N/A
PURVIS, Dominic Alexander Chartres	General Manager, Marketing, Communications & e-Services	N/A	Employee*  On secondment to the Company.
All other members of the senior management of the Company	Senior management	N/A	N/A

Note:

\* of a subsidiary of JSS.

Under the Articles, a Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall, if his interest in the contract or arrangement or proposed contract or arrangement is material, declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration if he knows his interest then exists, or in any other case, at the first meeting of the Board after he knows that he is or has become so interested. The Articles do not require a Director who is so interested not to attend any meeting of the Board. However, the Articles do provide that a Director shall not vote (or be counted in the quorum) in respect of any board resolution approving any contract or arrangement or proposed contract or arrangement in which he or any of his associates is materially interested, except in certain prescribed circumstances, details of which are set out in Appendix VII “Summary of the Constitution of the Company” to this listing document.

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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Whether a Director is conflicted or non-conflicted on any matter depends on the particular circumstances of the matter under consideration. The fact that a Director also holds directorships in other companies does not create a conflict for that Director unless the matter under consideration involves his personal interests or those of the other companies as well as the Group. In all other circumstances, a Director is able to act without being conflicted.

The provisions in the Articles ensure that matters involving a conflict of interest which may arise from time to time will be managed in line with accepted corporate governance practice with a view to ensuring that decisions are taken having regard to the best interests of the Company and the Shareholders (including the minority Shareholders, that is the Shareholders other than Swire Pacific) taken as a whole.

From time to time the Company may enter into connected transactions with members of the Retained Group or the JSS Group. It is considered that the seven Directors who are independent of the Retained Group and the JSS Group (that is all of the independent non-executive Directors, Mr. Davy Ho and Mr. Gordon Ongley) will form the necessary quorum to consider entry into such connected transactions (or other transactions the approval of which the Directors who are not independent of the Retained Group or the JSS Group are required by the Articles to abstain from voting on) and collectively have the necessary expertise and experience to ensure that decisions by the Board to enter into such transactions will be properly taken having regard to the best interests of the Company and the Shareholders (including the minority Shareholders, that is the Shareholders other than Swire Pacific) taken as a whole, and accordingly that the functions of the Board, as they relate to such connected or other transactions, will be properly carried out. In this connection, attention is specifically drawn to the experience in the property industry of Mr. S.C. Liu and Mr. Gordon Ongley. See the section headed “Directors, Senior Management and Employees — Directors” in this listing document.

### **Clear delineation of business**

The business of the Company comprises property investment, property trading and investment in and operation of hotels. The Retained Group will continue to undertake (through subsidiaries) aircraft engineering, its beverages, marine services and trading and industrial businesses, as well as owning its interests in its associated company to operate the airline businesses.

### **Financial independence**

The Inter-group Funding and the Mandarin Guarantee in respect of the Mandarin Loan that will remain in place after the Listing are described above in the section headed “Relationship with the Controlling Shareholders — Relationship with the Controlling Shareholders — Inter-group Funding”. If all such funding had to be repaid (along with the corresponding Swire Pacific Financings), financed by the issue of an equivalent amount of new debt, this would be very costly, complex and unduly onerous for the Group. Upon maturity of such funding, the Company intends to obtain new funding (as necessary) without recourse to Swire Pacific and believes it will be able to do so based on its record of fund-raising on a standalone basis and its strong financial position.

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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### **Independence of administrative capability**

Certain administrative and similar services of members of the staff of the JSS Group are, and have for many years been, provided to the Group pursuant to the Services Agreement. Such services will continue to be provided to the Group following the Listing. Such services include housing, training, public relations and recreational services. The services of the company secretary of the Company are provided pursuant to the Services Agreement. Swire Pacific provides central treasury services to its subsidiaries. Such services will continue to be provided by Swire Pacific to the Company (free of charge) for a transitional period following the Listing. The transitional period is not expected to exceed 12 months. Treasury services provided include all normal head office treasury functions, including the management of deposits, loans and foreign exchange transactions. The services will constitute continuing connected transactions for the Company but will be exempt from the disclosure and shareholder approval requirements of the Listing Rules because no charge will be made for them. The Directors do not consider these arrangements to affect the independence of the management of the business of the Company given that such arrangements involve the provision of support functions only.

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## SUBSTANTIAL SHAREHOLDERS

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As at the Latest Practicable Date, JSS owned (through its wholly-owned subsidiaries) approximately 42.54% of the issued share capital and approximately 58.36% of the voting rights in Swire Pacific, which owned 100% of the issued share capital of the Company. Swire Pacific and JSS are therefore substantial shareholders of the Company.

The shareholdings of Swire Pacific and JSS in the Company (i) immediately prior to completion of the Spin-off and (ii) immediately after completion of the Spin-off and the Swire Pacific Distribution are as follows:

Name of Shareholder	Nature of Interest and Capacity	Immediately prior to completion of the Spin-off		Immediately after completion of the Spin-off and the Swire Pacific Distribution	
		Number of Shares	Approximate percentage of interest	Number of Shares	Approximate percentage of interest
JSS .....	Interest in a controlled corporation	5,850,000,000(L)	100%	448,047,782(L)	8% <sup>(1)</sup>
Swire Pacific .....	Beneficial owner	5,850,000,000(L)	100%	4,796,764,250(L)	82%

Notes:

(L) denotes a long position in the Shares.

(1) In addition to JSS' interest through Swire Pacific.

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## CONNECTED TRANSACTIONS

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### CONNECTED PERSONS OF THE COMPANY

Since both Swire Pacific and JSS are controlling shareholders of the Company, both of them and their respective associates (such as Cathay Pacific Airways Limited, in which Swire Pacific is directly interested so as to exercise 30% or more of the voting power at general meetings) are connected persons of the Company.

### CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING AND ANNOUNCEMENT REQUIREMENTS OF THE LISTING RULES

The following transactions will be continuing connected transactions of the Company subject to reporting and announcement requirements under Chapter 14A of the Listing Rules.

The following table summarises the non-exempt continuing connected transactions between the Group and connected persons of the Company after the Listing. The Company has received a waiver from the Stock Exchange pursuant to Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement requirements under Chapter 14A of the Listing Rules in respect of these transactions.

Transaction	Historical figures (HK\$ in millions)				Annual caps (HK\$ in millions)				
	Financial year ended 31st December			Six months ended 30th June	Financial year ending 31st December				
	2008	2009	2010	2011	2011	2012	2013	2014	2015
Services Agreement	119.4	132.8	143.6	87.5	201.9	324.0	333.0	N/A	N/A
Swire Pacific Tenancy Framework Agreement	50.8	53.5	58.4	30.9	87.4	103.4	116.2	128.4	140.7
JSSHK Tenancy Framework Agreement	52.0	52.2	58.7	36.7	108.1	107.6	133.5	143.0	144.9

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## CONNECTED TRANSACTIONS

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### Services Agreement

#### *Particulars*

Pursuant to the Services Agreement entered into between the Company and JSSHK, a wholly-owned subsidiary of JSS, on 1st December 2004 and renewed on 1st October 2007 and on 1st October 2010, members of the JSS Group provide certain services to members of the Group. The arrangements under the Services Agreement and similar arrangements between members of the Retained Group and JSSHK were disclosed in the announcements of Swire Pacific dated 1st December 2004, 1st October 2007 and 1st October 2010.

The services under the Services Agreement comprise advice and expertise of the directors and senior officers of the JSS Group including (but not limited to) assistance in negotiating with regulatory and other governmental or official bodies, full or part time services of members of the staff of the JSS Group, other administrative and similar services and such other services as may be agreed from time to time. In return for those services, JSSHK receives annual services fees. The Company also reimburses the JSS Group for all the expenses incurred in the provision of the services at cost.

The annual services fees are calculated as 2.5% of the Company's consolidated profit before taxation and non-controlling interests, adjusted by (a) adding back the annual services fees, (b) excluding any gain or loss on the realisation, change in fair value or other revaluation of fixed assets, (c)(i) disregarding any impairment provision in respect of goodwill and (ii) calculating the overall gain or loss on the subsequent realisation of any related investment by reference to its cost and (d) subtracting any profits and losses from jointly controlled and associated companies, but adding back the dividends receivable from these companies. Any dividend or profit in respect of which a service fee is payable under any other profit related services agreement with the JSS Group are excluded to avoid duplication of payment.

The Services Agreement was renewed on 1st October 2010 for a term of three years from 1st January 2011 and will terminate on 31st December 2013, but shall be renewed for successive periods of three years thereafter unless either party gives the other notice of termination of not less than three months expiring on any 31st December.

A party to the Services Agreement may terminate it with immediate effect by notice to the other party in the event of default by that other party. In the event of termination of the Services Agreement, all the rights and obligations of the parties shall forthwith cease, but any rights, liabilities or remedies arising prior to such termination shall not be affected.

The annual services fees for each year are payable in cash in arrears in two instalments, with an interim payment by the end of October and a final payment by the end of April of the following year, adjusted to take account of the interim payment.

#### *The annual cap*

For each of the three years ended 31st December 2008, 2009 and 2010 and the six months ended 30th June 2011, the annual services fees paid by the Company to JSSHK and the reimbursement of expenses incurred by the JSS Group in the provision of the services (excluding the reimbursement of

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## CONNECTED TRANSACTIONS

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costs in respect of shared administrative services, which is not subject to Chapter 14A pursuant to Rule 14A.31(8) of the Listing Rules) amounted to approximately HK\$119.4 million, HK\$132.8 million, HK\$143.6 million and HK\$87.5 million, respectively.

The annual caps for the Services Agreement have been determined (1) by reference to the aggregate of the annual services fees paid by the Company and the reimbursement of expenses incurred by the JSS Group in the provision of the services (excluding the reimbursement of costs in respect of shared administrative services) in each of the past three years and the six months ended 30th June 2011, (2) by taking into account the projection of the growth of the Group's business operations (including the expected growth in profits from property trading and from investment properties recently completed or expected to be completed during the currency of the Services Agreement) and (3) having added a cushion to provide flexibility for possible changes in the level of profit by reference to which the annual services fees are charged and possible changes in the level of reimbursed costs. Reimbursement of costs by the Group to JSSHK mainly covers the employment costs of the directors and senior officers of the JSS Group who are seconded to the Group under the Services Agreement.

Based on the above, the Company estimates that the annual services fees for the three years ending 31st December 2013 will not exceed the annual caps of HK\$201.9 million, HK\$324.0 million and HK\$333.0 million, respectively.

### *Reasons for, and benefits of, the Services Agreement*

There have since 1949 been agreements between members of the Retained Group and members of the JSS Group for the provision of management support services. For over 60 years, Swire Pacific and its subsidiaries, including the Company since its incorporation in 1972, have considerably benefited from the management expertise and other services provided by the JSS Group and the use of the Swire brands which use may not be terminated so long as the relevant Swire Pacific Services Agreements are in force. Please refer to the sub-section headed "Trademark Agreements" below. On this basis, the Directors consider that the Services Agreement is fair and reasonable and in the interests of the shareholders of the Company as a whole.

Similar services agreements are, and have for many years been, in place between the JSS Group and each of the listed associated company (Cathay Pacific Airways Limited) and the listed subsidiary (Hong Kong Aircraft Engineering Company Limited) of Swire Pacific. Their terms are substantially the same as those of the Swire Pacific Services Agreements. The Directors consider that the Services Agreement is on normal commercial terms.

### *Listing Rules requirements*

As the highest relevant percentage ratio in respect of the Services Agreement will on an annual basis be more than 0.1% but less than 5% and it is on normal commercial terms, it will be exempt pursuant to Rule 14A.34 of the Listing Rules from the independent shareholders' approval requirement but will be subject to the reporting and announcement requirements in Chapter 14A of the Listing Rules.

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## CONNECTED TRANSACTIONS

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### Swire Pacific Tenancy Framework Agreement

#### *Particulars*

Members of the Group from time to time enter into tenancy agreements with members of the Retained Group under which the respective members of the Retained Group lease properties from members of the Group. The Company entered into the Swire Pacific Tenancy Framework Agreement on 18th October 2011 to govern all existing tenancies and all future tenancies which may from time to time be entered into between members of the Group and members of the Retained Group.

The Swire Pacific Tenancy Framework Agreement is for a term of six years with effect from 1st January 2010 and will terminate on 31st December 2015. The Company considers that it is normal business practice in Hong Kong and the PRC for commercial tenancy agreements to be for a period of up to six years, and consider that it is necessary for the Company to be able to offer tenancy agreements of up to six years in order to compete on equal terms with its competitors in the leasing market. DTZ, the independent property valuer, has also confirmed that it is normal business practice in Hong Kong and the PRC for commercial tenancy agreements such as the tenancy agreements under the Swire Pacific Tenancy Framework Agreement to be for a period of up to six years.

Pursuant to the Swire Pacific Tenancy Framework Agreement, members of the Group will enter into tenancy agreements with members of the Retained Group from time to time on normal commercial terms based on the then prevailing market rates. DTZ has reviewed the terms of the existing tenancy agreements under the tenancies pursuant to the Swire Pacific Tenancy Framework Agreement and confirmed that the rental payable under these tenancy agreements was determined with reference to the prevailing market rates and are on normal commercial terms.

#### *The annual caps*

For each of the three years ended 31st December 2008, 2009 and 2010 and the six months ended 30th June 2011, the aggregate rental paid by the members of the Retained Group to members of the Group amounted to approximately HK\$50.8 million, HK\$53.5 million, HK\$58.4 million and HK\$30.9 million, respectively.

The annual caps for the Swire Pacific Tenancy Framework Agreement have been determined by reference to (1) the aggregate rent paid by the Retained Group to the Group in the three years ended 31st December 2010 and the six months ended 30th June 2011, (2) the rent currently payable by the Retained Group to the Group, (3) expected renewals of existing tenancies with the Retained Group, (4) new tenancies expected to be entered into with the Retained Group (in completed properties, including the recently completed properties, and properties currently under development), (5) expected increases in base rents in accordance with changes in prevailing market rates and (6) expected increases in the turnover rents (resulting from the expected growth in retail tenants' turnover). The proposed caps provide headroom with a buffer to accommodate the expected impact of (3) to (6) above. The Directors estimate that the aggregate rental payable to the Group under the Swire Pacific Tenancy Framework Agreement for the five years ending 31st December 2011, 2012, 2013, 2014 and 2015 will not exceed the annual caps of HK\$87.4 million, HK\$103.4 million, HK\$116.2 million, HK\$128.4 million and HK\$140.7 million, respectively.



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## CONNECTED TRANSACTIONS

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### *Listing Rules requirements*

As the highest relevant percentage ratio in respect of the Swire Pacific Tenancy Framework Agreement will on an annual basis be more than 0.1% but less than 5% and it is on normal commercial terms, it (together with any tenancies pursuant to it) will be exempt pursuant to Rule 14A.34 of the Listing Rules from the independent shareholders' approval requirement but will be subject to the reporting and announcement requirements in Chapter 14A of the Listing Rules.

### **JSSHK Tenancy Framework Agreement**

#### *Particulars*

Members of the Group from time to time enter into tenancy agreements with members of the JSSHK Group under which the respective members of the JSSHK Group lease properties from members of the Group. The Company entered into the JSSHK Tenancy Framework Agreement on 18th October 2011 to govern all existing tenancies and all future tenancies which may from time to time be entered into between members of the Group and members of the JSSHK Group.

The JSSHK Tenancy Framework Agreement is for a term of six years with effect from 1st January 2010 and will terminate on 31st December 2015. The Company considers that it is normal business practice in Hong Kong and the PRC for commercial tenancy agreements to be for a period of up to six years, and considers that it is necessary for the Company to be able to offer tenancy agreements of up to six years in order to compete on equal terms with its competitors in the leasing market. DTZ, the independent property valuer, has also confirmed that it is normal business practice in Hong Kong and the PRC for commercial tenancy agreements such as the tenancy agreements under the JSSHK Tenancy Framework Agreement to be for a period of up to six years.

Pursuant to the JSSHK Tenancy Framework Agreement, members of the Group will enter into tenancy agreements with members of the JSSHK Group from time to time on normal commercial terms based on the then prevailing market rates. DTZ has reviewed the terms of the existing tenancy agreements under the JSSHK Tenancy Framework Agreement and confirmed that the rental payable under these tenancy agreements were determined with reference to the prevailing market rates and are on normal commercial terms.

#### *The annual caps*

For each of the three years ended 31st December 2008, 2009 and 2010 and the six months ended 30th June 2011, the aggregate rental paid by the members of the JSSHK Group to members of the Group amounted to approximately HK\$52.0 million, HK\$52.2 million, HK\$58.7 million and HK\$36.7 million, respectively.

The annual caps for the JSSHK Tenancy Framework Agreement have been determined by reference to (1) the aggregate rent paid by the Retained Group to the Group in the three years ended 31st December 2010 and the six months ended 30th June 2011, (2) the rent currently payable by the JSSHK Group to the Group, (3) expected renewals of existing tenancies with the JSSHK Group, (4) new tenancies expected to be entered into with the JSSHK Group (in completed properties, including the recently completed properties, and properties currently under development), (5) expected increases in base rents in accordance with changes in prevailing market rates and (6) expected increases in the turnover rents (resulting from the expected growth in retail tenants' turnover). The proposed caps

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## **CONNECTED TRANSACTIONS**

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provide headroom with a buffer to accommodate the expected impact of (3) to (6) above. The Directors estimate that the aggregate rental payable to the Group under the tenancies pursuant to the JSSHK Tenancy Framework Agreement for the five years ending 31st December 2011, 2012, 2013, 2014 and 2015 will not exceed the annual caps of HK\$108.1 million, HK\$107.6 million, HK\$133.5 million, HK\$143.0 million and HK\$144.9 million, respectively.

### **Confirmation of the Directors and the Joint Sponsors**

The Directors, including the independent non-executive Directors, are of the view that the continuing connected transactions referred to above have been or will be entered into in the ordinary and usual course of business of the Company and are on normal commercial terms (or better to the Company), fair and reasonable and in the interests of the shareholders of the Company as a whole and that the proposed annual caps for the transactions are fair and reasonable and in the interests of the Shareholders as a whole.

Based on the documents, information and historical figures provided by the Company and the Joint Sponsors' participation in due diligence and discussions with the Company and its advisers, the Joint Sponsors confirm that (i) they are of the view that the continuing connected transactions referred to above are in the ordinary and usual course of business of the Company and are on normal commercial terms (or better to the Company), fair and reasonable and in the interests of the Shareholders as a whole and that the proposed annual caps for the transactions are fair and reasonable and in the interests of the Shareholders as a whole and (ii) in relation to the Swire Pacific Tenancy Framework Agreement, the JSSHK Tenancy Framework Agreement and their respective underlying tenancies, it is normal business practice in Hong Kong and the PRC for commercial tenancy agreements of such type to be for a period of up to six years and that it is necessary for the Company to be able to offer tenancy agreements of up to six years in order to compete on equal terms with its competitors in the leasing market.

### **Waiver from the Stock Exchange**

The Company has applied to the Stock Exchange for, and has been granted, a waiver under Rule 14A.42(3) from compliance with the requirements in Rule 14A.47 of the Listing Rules in respect of each of the transactions above. Notwithstanding the above waiver, the Company will comply with Rules 14A.35(1) (except in relation to the length of the terms of the Swire Pacific Tenancy Framework Agreement, the JSSHK Tenancy Framework Agreement and their respective underlying tenancies to which a period of up to six years applies instead), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules in respect of the transactions.

### **EXEMPT CONTINUING CONNECTED TRANSACTIONS**

After the Listing, the following transactions will constitute continuing connected transactions of the Company which are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## CONNECTED TRANSACTIONS

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### **Inter-group Funding and the Mandarin Guarantee**

There are a number of financing arrangements between the Group and certain members of the Retained Group, including the Inter-group Funding and the Mandarin Guarantee, which will remain in place after the Listing. Details of the financing arrangements between the Group and the Retained Group are contained in the section headed “Relationship with the Controlling Shareholders — Relationship with the Controlling Shareholders — Inter-group Funding” in this listing document.

The Inter-group Funding and the Mandarin Guarantee will constitute financial assistance provided by connected persons, namely members of the Retained Group, for the benefit of members of the Group. As the commercial terms of the Inter-group Loan Agreements substantially mirror those of the underlying financing arrangements between the relevant members of the Retained Group and Independent Third Parties, they are on normal commercial terms. The Mandarin Guarantee is provided by Swire Pacific to members of the Group for no consideration and is therefore on better than normal commercial terms (for the Company). Since no security over the assets of the Group is or will be given to the Retained Group as security for the Inter-group Funding or the Mandarin Guarantee, the Inter-group Funding and the Mandarin Guarantee will be exempt pursuant to Rule 14A.65(4) of the Listing Rules from the reporting, announcement and independent shareholders’ approval requirements and accordingly are not subject to the requirements in Chapter 14A of the Listing Rules.

### **The Entrusted Loans**

Subsidiaries of the Company have entered into the following entrusted loans (the “**Entrusted Loans**”) with connected persons of the Company:

- (a) a RMB30 million entrusted loan dated 8th November 2010 between Tianjin Linsong City Facilities Development Company Limited (a subsidiary of the Company) as borrower, a third party bank as lender, and Swire Resources as the entrusting party, of which RMB5 million was drawn down on 8th March 2011 and repaid on 8th September 2011;
- (b) a RMB40 million entrusted loan dated 29th March 2011 between Tianjin Linsong City Facilities Development Company Limited (a subsidiary of the Company) as borrower, a third party bank as lender, and Akzo Nobel Swire Paints (Guangzhou) Limited as the entrusting party to be repaid on 28th September 2012 in accordance with the draw down notice given by the entrusting party and the borrower to the lender on 28th September 2011;
- (c) a RMB50 million entrusted loan dated 16th May 2011 between Tianjin Linsong City Facilities Development Company Limited (a subsidiary of the Company) as borrower, a third party bank as lender, and Akzo Nobel Swire Paints (Guangzhou) Limited as the entrusting party, which has not been drawn as at the Latest Practicable Date;
- (d) a RMB60 million entrusted loan dated 16th May 2011 between Tianjin Linsong City Facilities Development Company Limited (a subsidiary of the Company) as borrower, a third party bank as lender, and Akzo Nobel Swire Paints (Shanghai) Limited as the entrusting party, which has not been drawn as at the Latest Practicable Date;

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## CONNECTED TRANSACTIONS

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- (e) a RMB150 million entrusted loan dated 15th July 2011 between Tianjin Linsong City Facilities Development Company Limited (a subsidiary of the Company) as borrower, a third party bank as lender, and Swire BCD Co., Ltd. as the entrusting party, which has not been drawn as at the Latest Practicable Date; and
- (f) a RMB50 million entrusted loan dated 28th September 2011 between Tianjin Linsong City Facilities Development Company Limited (a subsidiary of the Company) as borrower, a third party bank as lender, and Akzo Nobel Swire Paints (Shanghai) Limited as the entrusting party, which has not been drawn as at the Latest Practicable Date.

Under the terms of each Entrusted Loan, the borrower may not cancel or prepay the facility without the written consent of the entrusting party, and the entrusting party does not have the right to cancel the facility.

Akzo Nobel Swire Paints (Shanghai) Limited and Akzo Nobel Swire Paints (Guangzhou) Limited (together, the “**Akzo Nobel Entities**”) are associates of Swire Pacific and therefore will become connected persons of the Company immediately after completion of the Spin-off. Swire Resources and Swire BCD Co., Ltd. (together, the “**Swire Pacific Entities**”) are subsidiaries of Swire Pacific and therefore will become connected persons of the Company immediately after the Listing. The Entrusted Loans will therefore constitute financial assistance provided by connected persons for the benefit of members of the Group. As the Entrusted Loans are on normal commercial terms (or better to the Company), and no security over the assets of the Group is or will be given to the Akzo Nobel Entities or the Swire Pacific Entities as security for the Entrusted Loans, they will be exempt pursuant to Rule 14A.65(4) of the Listing Rules from the reporting, announcement and independent shareholders’ approval requirements and accordingly are not subject to the requirements under Chapter 14A of the Listing Rules.

### Shareholder Loans

Pursuant to two heads of agreement between the Company and Henderson Land Development Company Limited (“**Henderson**”) in respect of Henderson’s investment as a minority shareholder in two subsidiaries of the Company, Henderson will advance shareholder loans (the “**Shareholder Loans**”) in proportion to its shareholdings from time to time to the subsidiaries to fund the development cost of the subsidiaries. Henderson will become a connected person of the Company immediately after the Listing because it is a substantial shareholder of subsidiaries of the Company. The Shareholder Loans will therefore constitute financial assistance provided by a connected person for the benefit of members of the Group. As the Shareholder Loans are on normal commercial terms (or better to the Company), and no security is given by the Group in respect of the provision of the Shareholder Loans, they will be exempt pursuant to Rule 14A.65(4) of the Listing Rules from the reporting, announcement and independent shareholders’ approval requirements and accordingly are not subject to the requirements in Chapter 14A of the Listing Rules.

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## CONNECTED TRANSACTIONS

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### **Other de minimis continuing connected transactions**

We have also entered into other continuing connected transactions with members of the Retained Group, members of the JSS Group, associates of Swire Pacific and associates of JSS, the highest relevant percentage of each of which is below 0.1%. Since they are on normal commercial terms, they will be exempt pursuant to Rule 14A.33(3) of the Listing Rules from the reporting, announcement and independent shareholders' approval requirements in Chapter 14A of the Listing Rules. Examples of those are set out below.

#### *Trademark Agreements*

Pursuant to the Trademark Agreements, JSS grants the respective members of the Group a non-exclusive right to use the Swire trademarks and certain other trademarks for a nominal consideration (amounting to HK\$1 per agreement). The parties to the Services Agreement have agreed under the Services Agreement that the Trademark Agreements will not be terminated except for cause (or if the relevant licensee under any Trademark Agreement ceases to be a member of the Swire group) for as long as the Services Agreement is in force. Further details of the trademarks are set out in the section headed "Further Information About the Company's Business — Intellectual Property Rights of the Group" in Appendix VIII "Statutory and General Information" to this listing document.

#### *Tenancy agreements with certain associates of Swire Pacific or JSS*

Certain members of the Group have entered into tenancy agreements with certain associates of Swire Pacific and certain associates of JSS (together, the "**Other Tenancy Agreements**"). The independent valuer, DTZ, has reviewed the terms of each Other Tenancy Agreement, and confirmed that the rental payable under each Other Tenancy Agreement was determined with reference to the prevailing market rates and is on normal commercial terms.

#### *Property management services to the JSS Group*

Pursuant to its property management agreement dated 24th December 2009 (the "**Property Management Agreement**") with JSSHK, Swire Properties Management Limited, a wholly-owned subsidiary of the Company, provides property management services to JSSHK in respect of properties owned or leased by JSSHK. In return for the services, Swire Properties Management Limited will receive a management fee. The Property Management Agreement is on normal commercial terms.

#### *Project Management and Leasing Services to the Swire Pacific Group*

Pursuant to (i) a development agreement dated 14th April 2010 (the "**Development Agreement**") between the Company, Swire Pacific and Stubbsco; and (ii) a side letter dated 9th June 2010 (the "**Side Letter**") between Stubbsco and Swire Pacific, the Group provides project management and leasing services to Swire Pacific in respect of the property owned by Swire Pacific at 53 Stubbs Road known as OPUS HONG KONG. In return for the services, the Company will receive management fees. The Development Agreement and the Side Letter are on normal commercial terms.

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## CONNECTED TRANSACTIONS

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### *Property Management Services to the Swire Pacific Group*

Pursuant to a letter agreement dated 13th June 2011 (the “**Letter Agreement**”) between Swire Pacific and the Company, 53 Stubbs Road (Management) Limited, a wholly-owned subsidiary of the Company, provides general property management services to Swire Pacific in respect of the property owned by Swire Pacific at 53 Stubbs Road known as OPUS HONG KONG. In return for the services, the Company will receive management fees. The Letter Agreement is on normal commercial terms.

### *Hotel management agreement with Airline Hotel Limited*

Pursuant to its hotel management agreement dated 31st December 2009 (the “**Hotel Management Agreement**”) with Airline Hotel Limited (a wholly-owned subsidiary of Cathay Pacific Airways Limited), Swire Properties Hotel Management Limited, a wholly-owned subsidiary of the Company, provides hotel management services to Airline Hotel Limited in respect of a hotel owned by Airline Hotel Limited. In return for the management services, Swire Properties Hotel Management Limited will receive an annual management fee. The Hotel Management Agreement is on normal commercial terms.

### *Administration agreement in respect of retirement benefits of the Group*

The Company entered into an administration agreement dated 1st February 2006 with Cannon Trustees Limited (“**Cannon Trustees**”), a wholly-owned subsidiary of JSS, for the provision of management and administration services in respect of the Company’s retirement benefits scheme (the “**Administration Agreement**”). In return for the services, Cannon Trustees receives an administration fee from the Company. The Administration Agreement is on normal commercial terms.

### *U.K. office tenancy agreement*

An indirect wholly-owned subsidiary of the Company entered into a tenancy agreement with JSS under which the wholly-owned subsidiary of the Company leases certain office premises from JSS (the “**U.K. Office Tenancy Agreement**”). The U.K. Office Tenancy Agreement is on normal commercial terms.

### *Acquisition of travel services from Swire Travel Limited*

The Group acquires travel services from time to time from Swire Travel Limited, a wholly-owned subsidiary of JSS. The travel services are consumer services acquired by the Group on normal commercial terms for its own use.

### *Acquisition of beverages from Swire Beverages Limited*

The Group purchases beverages from time to time from Swire Beverages Limited (trading as Swire Coca-Cola HK), a subsidiary of Swire Pacific. The beverage purchases are consumer goods acquired by the Group on normal commercial terms for its own consumption.

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## CONNECTED TRANSACTIONS

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### *Rebates received by the Group from Cathay Pacific and Dragonair*

The Group receives rebates from an associate of Swire Pacific, Cathay Pacific Airways Limited (and its wholly-owned subsidiary Hong Kong Dragon Airlines Limited), in respect of the Group's purchase of air tickets. The payment of rebates in connection with the purchases of air tickets reflects a normal practice in the aviation business and is on normal commercial terms.

### *Treasury services from Swire Pacific*

The Group receives treasury services from Swire Pacific and will continue to receive such services for a transitional period after the Listing. The transitional period is not expected to exceed 12 months. The treasury services include all normal head office treasury functions, including the management of deposits, loans and foreign exchange transactions. The treasury services are provided to the Group free of charge.

### *Insurance services from Spaciom Limited*

The Company places part of its insurance through Spaciom Limited ("**Spaciom**"), a captive insurance company wholly-owned by Swire Pacific (the "**Spaciom Insurance**"). Under the Spaciom Insurance, Spaciom provides combined property all risks and business interruption insurance to the Company in respect of its completed properties in Hong Kong. In return for the insurance coverage, the Company pays an insurance premium to Spaciom. The Spaciom Insurance is for a period of one year from 1st April 2011 to 31st March 2012 and is on normal commercial terms.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### DIRECTORS

The Board of Directors consists of 14 Directors, five of whom are independent non-executive Directors. The table below shows certain information concerning the Directors:

Name	Age	Position
PRATT, Christopher Dale .....	55	Chairman
CUBBON, Martin .....	54	Chief Executive
LOW, Mei Shuen Michelle .....	51	Director, Finance & Human Resources
BRADLEY, Guy Martin Coutts .....	46	Executive Director
HO, Cho Ying Davy .....	64	Executive Director
ONGLEY, Gordon James .....	58	Executive Director
HUGHES-HALLETT, James Wyndham John .....	62	Non-Executive Director
KILGOUR, Peter Alan .....	55	Non-Executive Director
SWIRE, Merlin Bingham .....	38	Non-Executive Director
BRADLEY, Stephen Edward .....	53	Independent Non-Executive Director
CHAN, Cho Chak John .....	68	Independent Non-Executive Director
CHENG, Hoi Chuen .....	63	Independent Non-Executive Director
ETCHELLS, Paul Kenneth .....	61	Independent Non-Executive Director
LIU, Sing Cheong .....	56	Independent Non-Executive Director

#### Chairman

**PRATT, Christopher Dale**, CBE, aged 55, has been a Director of the Company since 1st February 2003 and Chairman of the Company since 1st June 2009. He is also Chairman of Swire Pacific Limited, Cathay Pacific Airways Limited, Hong Kong Aircraft Engineering Company Limited, John Swire & Sons (H.K.) Limited and Swire Beverages Limited, and a Director of Air China Limited and The Hongkong and Shanghai Banking Corporation Limited. He joined the Swire group in 1978 and has worked with the group in Hong Kong, Australia and Papua New Guinea. Mr. Pratt graduated from the University of Oxford in June 1978 with a Bachelor of Arts degree in Modern History.

#### Executive Directors

**CUBBON, Martin**, aged 54, has been a Director of the Company since 1st March 2000 and Chief Executive of the Company since 1st June 2009. He is also a Director of John Swire & Sons (H.K.) Limited and Swire Pacific Limited, with responsibility for group finance from September 1998 to March 2009. He was a Director of Cathay Pacific Airways Limited from September 1998 to May 2009, a Director of Hong Kong Aircraft Engineering Company Limited from August 2006 to May 2009, and Chairman of Swire Beverages Limited from July 2007 to June 2009. Mr. Cubbon graduated from the University of Liverpool in July 1980 with a Bachelor of Arts (Honours) degree in Economics and is a member of the Institute of Chartered Accountants in England and Wales. He joined the Swire group in 1986.

**LOW, Mei Shuen Michelle**, aged 51, has been a Director of the Company since 2nd September 2010 when she was appointed Human Resources Director of the Company. In September 2011, she was appointed Director, Finance & Human Resources of the Company with responsibility for the financial interests and human resources management of the Company. She joined the JSS Group in 1987 and



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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has worked with the group in Hong Kong. She was Finance Director of Swire Pacific Limited — Trading & Industrial Division from May 2003 to March 2007, Finance Director of The China Navigation Company Limited from September 2005 to February 2007, and Director Finance of Hong Kong Aircraft Engineering Company Limited from March 2007 to August 2010. Ms. Low graduated from The University of Hong Kong with a Bachelor of Social Sciences (Honours) degree in November 1982 and obtained a Bachelor of Laws degree from Tsinghua University in July 2007. She is a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants, the Chinese Institute of Certified Public Accountants, the American Institute of Certified Public Accountants, the Canadian Certified General Accountants Association of Hong Kong and the CFA Institute. She is seconded from the JSS Group and has no other role in the JSS Group.

**BRADLEY, Guy Martin Coutts**, aged 46, has been a Director of the Company since 1st January 2008 and has worked with the Company in Hong Kong and Mainland China. He was appointed Chief Executive Officer — Mainland China in June 2011 and is responsible for the Company's Mainland China business. He is also a Director of John Swire & Sons (China) Limited and chief representative of its representative office in Beijing, and chief representative of John Swire & Sons (H.K.) Limited's representative office in Vietnam. He joined the Swire group in 1987 and in addition to Hong Kong, has worked with the group in Papua New Guinea, Japan, U.S.A., Vietnam, Mainland China, Taiwan and the Middle East. Mr. Bradley graduated from the University of Oxford in July 1987 with a Bachelor of Arts degree in Politics, Philosophy and Economics and obtained a Master of Arts degree from the University of Oxford in July 1991. He is a member of The Royal Institution of Chartered Surveyors.

**HO, Cho Ying Davy**, aged 64, has been a Director of the Company since 14th April 2010. He is responsible for relations with joint venture partners and government authorities in Hong Kong and the PRC. He was a Director of Swire Pacific Limited from March 1997 to March 2010, a Director of Hong Kong Aircraft Engineering Company Limited from September 1999 to March 2010, and a Director of John Swire & Sons (H.K.) Limited from January 1995 to March 2010. He was Chairman of the Swire group's Taiwan operations and of a number of Swire group companies with shipping and travel interests. He is an Independent Non-Executive Director of DP World Limited, a company listed on NASDAQ Dubai. He joined the Swire group in 1970 and has worked with the group in Hong Kong, Mainland China and Taiwan. Mr. Ho graduated from the University of Western Australia in May 1970 with a Bachelor of Science degree in Biochemistry and Physiology.

**ONGLEY, Gordon James**, aged 58, has been a Director of the Company since 1st February 2003. He joined the Company in 1995 and has worked with the Company in Hong Kong and Mainland China. He was appointed Chief Operating Officer — Hong Kong in June 2011 and is responsible for the Company's Hong Kong business. Mr. Ongley qualified as a chartered surveyor in 1975 and is a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors.

### Non-Executive Directors

**HUGHES-HALLETT, James Wyndham John**, SBS, aged 62, has been a Director of the Company since 28th July 1998. He is also Chairman of John Swire & Sons Limited and a Director of Swire Pacific Limited, Cathay Pacific Airways Limited and HSBC Holdings plc. He joined the Swire group in 1976 and has worked with the group in Hong Kong, Taiwan, Japan, Australia and London. Mr. Hughes-Hallett graduated from the University of Oxford in July 1971 with a Bachelor of Arts degree in English Literature and obtained a Master of Arts degree from the University of Oxford in May 2010.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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**KILGOUR, Peter Alan**, aged 55, has been a Director of the Company since 1st February 2001. He is also Finance Director of Swire Pacific Limited, and a Director of Cathay Pacific Airways Limited, John Swire & Sons (H.K.) Limited and Swire Beverages Limited. He joined the Swire group in 1983 and has worked with the group in London and Hong Kong. He was Finance Director of Hong Kong Aircraft Engineering Company Limited from November 1998 to October 2000 and Finance Director of the Company from February 2001 to March 2009. Mr. Kilgour graduated from the University of Leicester in July 1978 with a Bachelor of Arts (Combined Studies) degree. He is a member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

**SWIRE, Merlin Bingham**, aged 38, has been a Director of the Company since 14th January 2009. He joined the Swire group in 1997 and has worked with the group in Hong Kong, Australia, Mainland China and London. He is a Director and shareholder of John Swire & Sons Limited and Swire Pacific Limited, a Director of Cathay Pacific Airways Limited and Hong Kong Aircraft Engineering Company Limited, and an Alternate Director of Steamships Trading Company Limited. Mr. Swire graduated from the University of Oxford in August 1997 with a Bachelor of Arts degree in Classics and obtained a Master of Arts degree from the University of Oxford in May 2005.

### Independent Non-Executive Directors

**BRADLEY, Stephen Edward**, aged 53, has been a Director of the Company since 14th April 2010. He is Senior Representative (China) of Grosvenor Limited, a private company that specialises in developing, investing in and managing funds in relation to residential, retail, office and industrial property around the world, and is Vice Chairman (Asia Pacific) of ICAP (Hong Kong) Limited, a wholly-owned subsidiary of ICAP plc. which is listed on the London Stock Exchange and is an international voice and electronic interdealer broker and provider of post-trade services. He is a Director of Husky Energy Inc., a company listed on the Toronto Stock Exchange. He is also an advisor to Rio Tinto group, which is an international mining and exploration company listed on the London Stock Exchange and the Australian Stock Exchange. He acts (in the foregoing capacities) as an independent consultant to Grosvenor Limited, ICAP (Hong Kong) Limited and Rio Tinto group in relation to their respective business affairs in China. He was Minister, Deputy Head of Mission and Consul-General, British Embassy, Beijing from 2002 to 2003 and British Consul-General, Hong Kong from 2003 to 2008. He retired from the Foreign and Commonwealth Office, U.K. in 2009. Mr. Bradley graduated from the University of Oxford in 1980 with a Bachelor of Arts degree in Oriental Studies.

**Dr. CHAN, Cho Chak John**, GBS, JP, aged 68, has been a Director of the Company since 14th April 2010. He is a Director of Hang Seng Bank Limited, Transport International Holdings Limited, RoadShow Holdings Limited (also Chairman) and Guangdong Investment Limited. He is also a Director of Community Chest of Hong Kong. Dr. Chan graduated from the University of Hong Kong with a Bachelor of Arts (Honours) degree in English Literature in November 1964 and a Diploma in Management Studies in July 1971, and obtained the degrees of Doctor of Social Sciences (*honoris causa*) of the Hong Kong University of Science and Technology in November 2009 and the University of Hong Kong in March 2011. He is a Companion of the Chartered Management Institute, a Fellow of the Chartered Institute of Logistics and Transport and a Fellow of the Hong Kong Institute of Directors.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Dr. Chan was appointed as an Independent Non-Executive Director of Guangdong Investment Limited (stock code: 270) (“**GDI**”) in June 1998. GDI was incorporated in Hong Kong on 5th January 1973. At present, the principal activities of GDI and its subsidiaries (the “**GDI Group**”) include investment holding, property holding and investment, investment in infrastructure and energy projects, water supply to Hong Kong and to Shenzhen and Dongguan in the mainland of the People’s Republic of China, hotel ownership and operations, hotel management and department stores operation.

As disclosed in GDI’s announcement dated 23rd December 2000, the debt restructuring of the GDI Group (including the Bank Debt Restructuring, the Bond Restructuring, the 2001 FRN Restructuring, the 2000 FRN Restructuring and the US\$27 million Bond Restructuring as defined in the said announcement) became effective on 22nd December 2000. Debts subject to restructuring at GDI level amounted to approximately HK\$4.5 billion and debts subject to restructuring at selected stand alone subsidiaries amounted to an additional HK\$2.3 billion approximately. As announced by GDI on 6th May 2003, all outstanding financial indebtedness of GDI (including those under guarantees issued by GDI) under the debt restructuring scheme pursuant to the master override agreement dated 15th December 2000 between GDI and its financial creditors (“**MOA**”) was repaid and settled in full on 2nd May 2003. All the stand alone override agreements relating to the debt restructuring schemes for the stand alone subsidiaries of GDI had likewise been completed. All professional fees relating to the debt restructuring scheme as aforesaid had since further been ascertained and settled in full. Accordingly the MOA had been completed and terminated automatically in November 2003, and GDI had been fully released from any further obligation under, and had successfully exited from, its debt restructuring completely.

**CHENG, Hoi Chuen**, GBS, OBE, JP, aged 63, has been a Director of the Company since 14th April 2010. Mr. Cheng is a career banker with extensive international business experience particularly in Asia. He is Adviser to the Group Chief Executive of HSBC Holdings plc. He is an Independent Non-Executive Director of CLP Holdings Limited, Great Eagle Holdings Limited, Hui Xian Asset Management Limited and MTR Corporation Limited. He was an Independent Non-Executive Director of Swire Pacific Limited from 12th May 2005 to 31st January 2008. He is Vice-Chairman of the China Banking Association and Honorary Advisory President of the Hong Kong Institute of Bankers. He is the Chairman of the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the HKSAR Government and the Council of The Chinese University of Hong Kong. He is a member of the National Committee of the 11th Chinese People’s Political Consultative Conference, the Advisory Committee of Post-service Employment in Civil Servants and a senior adviser to the 11th Beijing Municipal Committee of the Chinese People’s Political Consultative Conference. He joined The Hongkong and Shanghai Banking Corporation Limited in 1978 and was Chairman and a Director of The Hongkong and Shanghai Banking Corporation Limited until 1st February 2010 and of HSBC Global Asset Management (Hong Kong) Limited until 4th February 2010. He was an Executive Director of HSBC Holdings plc and was Chairman of HSBC Bank (China) Company Limited and HSBC Bank (Taiwan) Limited until May 2011 and was a Director HSBC Bank (Vietnam) Limited until November 2010. He was a Director of HSBC Bank Australia Limited and a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority until 1st February 2010. Mr. Cheng graduated from the Chinese University of Hong Kong in October 1973 with a Bachelor of Social Science degree in Economics and from the University of Auckland in May 1979 with a Master of Philosophy degree in Economics.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Mr. Cheng was appointed as a non-executive Director of the Company on 14th April 2010 and was re-designated as an independent non-executive Director of the Company on 16th December 2011. The Company, Mr. Cheng and the Joint Sponsors consider that Mr. Cheng's previous designation as a non-executive Director of the Company and his current advisory role to the Group Chief Executive of HSBC Holdings plc should not affect his independence as an independent non-executive Director since (a) he has never held any executive office, nor has he been involved in any executive capacity, in the Company and his role as a non-executive Director of the Company has been no different from that of an independent non-executive Director and (b) he has not, at least in the past 19 months, been a director, an employee or a principal of HSBC (which is a Joint Sponsor) and in his current advisory role to the Group Chief Executive of HSBC Holdings plc, he is not involved in the day-to-day operations of HSBC Holdings plc or its subsidiaries and, in particular, he has not been involved in HSBC's role in providing services to the Company as a Joint Sponsor.

**ETCHELLS, Paul Kenneth**, aged 61, has been a Director of the Company since 14th April 2010. He is a Director of Samsonite International S.A. He was employed by The Coca-Cola Company from July 1998 to June 2010, and worked in the U.S., Mainland China and Hong Kong. He was employed by the Swire group in Hong Kong from 1976 to 1998. Mr. Etchells graduated from the University of Leeds in July 1971 with a Bachelor of Arts degree in Political Studies. He is a fellow of the Institute of Chartered Accountants in England and Wales and of the Hong Kong Institute of Certified Public Accountants.

**LIU, Sing Cheong, JP**, aged 56, has been a Director of the Company since 14th April 2010. He is the Chairman of My Top Home (China) Holdings Limited (a Guangzhou-based property agency and consultancy), a Director of Prada S.p.A., Hong Kong Science and Technology Parks Corporation and Hong Kong University of Science and Technology R and D Corporation Limited. He is also a member of the Council of The Hong Kong University of Science and Technology, the Hong Kong University of Science and Technology Business School Advisory Council, Development Committee of the West Kowloon Cultural District Authority, and the Hong Kong Security and Guarding Services Industry Authority, and is a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region. Mr. Liu graduated from The Hong Kong Polytechnic University in November 1979 with an Advanced Higher Diploma in Surveying and from The Hong Kong University of Science and Technology in November 1994 with a Master of Business Administration degree. He is a fellow of the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors. During his career, he has had various posts in the property industry, including with a leading Hong Kong firm of property surveyors.

Save as disclosed above, there is no information to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matters concerning any Director that need to be brought to the attention of the shareholders of the Company.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### SENIOR MANAGEMENT

Our senior management are responsible for the day-to-day management of our business. The following table sets forth certain information concerning our senior management personnel.

Name	Age	Position
CULBERTSON, Jolyon Charles.....	57	Vice President, Retail Leasing, Brickell CitiCentre, USA
KOK, Kai Lam Peter.....	55	General Manager, Guangzhou & Southern China
KONG, Kei Yeuk .....	42	General Manager, Portfolio Management (Mainland China)
LEE, Chi Ho Alan.....	44	General Manager, Chengdu & Western China
LOW, Gerard Po Hock .....	54	General Manager, Beijing & Northern China
MA, Suk Ching.....	44	General Manager, Development & Valuations
MANN, Ainsley William .....	45	General Manager, Shanghai & Eastern China
NG, Kar Wai Kenneth.....	55	General Manager, Projects
OWENS, Stephen Lee.....	63	USA President
PURVIS, Dominic Alexander Chartres..	45	General Manager, Marketing, Communications & e-Services
TAYLOR, Donald William Gerard.....	43	General Manager, Office
TO, Wai Yip Adrian .....	47	General Manager, Residential
TONG, Wai Lee .....	53	General Manager, Retail
WILLIAMS, Brian Edward.....	52	Managing Director, Hotels

**CULBERTSON, Jolyon Charles**, aged 57, has been Vice President, Retail Leasing of the Brickell CitiCentre in USA since October 2011 and is responsible for the leasing strategy of Brickell CitiCentre, the Company's new mixed use development in Miami, USA. Prior to holding this position, he was responsible for the leasing and management of various investment properties in Hong Kong. He joined the Company in 1981 and was a Director of the Company from January 1994 to March 2010. Mr. Culbertson graduated from the Polytechnic of Central London, now known as the University of Westminster, in July 1976 with a Diploma in Urban Estate Management. He is a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors. He is a member of and an advisor to the International Council of Shopping Centres.

**KOK, Kai Lam Peter**, aged 55, has been General Manager, Guangzhou and Southern China of the Company since January 2008 and is responsible for new acquisitions, property development and management of the Company's business in Guangzhou and Southern China. He joined the Company in 1998 and has worked with the Company in Hong Kong and Guangzhou. Before assuming his current position, he was General Manager, Guangzhou from July 2006 and General Manager, TaiKoo Hui from February 2003, responsible for the development of TaiKoo Hui. He graduated from the Hong Kong Polytechnic, now known as the Hong Kong Polytechnic University, in October 1977 with a Higher Diploma in Surveying (General Practice). He is a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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**KONG, Kei Yeuk**, aged 42, has been General Manager, Portfolio Management (Mainland China) of the Company since January 2010 and is responsible for the overall planning and management of the Company's investment portfolio in Mainland China. He joined the Company in 1991 and has worked with the Company in Hong Kong, Shanghai and Beijing. Before assuming his current position, he was General Manager, Shanghai and Eastern China from January 2008, responsible for new acquisitions, property development and management of the Company's business in Shanghai and Eastern China. He graduated from the University of Hong Kong in November 1991 with a Bachelor of Science in Surveying. He is a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors.

**LEE, Chi Ho Alan**, aged 44, has been General Manager, Chengdu and Western China of the Company since July 2010 and is responsible for new acquisitions, property development and management of the Company's business in Chengdu and Western China. He joined the Company in 2007 and has worked with the Company in Shanghai and Chengdu. Before assuming his current position, he was Chief Representative of the Company for Chengdu and Western China from January 2008. He graduated from the University of Hong Kong in November 1991 with a Bachelor of Science in Surveying. He is a member of The Royal Institution of Chartered Surveyors.

**LOW, Gerard Po Hock**, aged 54, has been General Manager, Beijing & Northern China of the Company since January 2008 and is responsible for new acquisitions, property development and management of the Company's business in Beijing and Northern China. He joined the Company in 1988 and has worked with the Company in Hong Kong and Beijing. Before assuming his current position, he was Chief Representative of Swire Properties Beijing Representative Office from February 2005. He graduated from the University of British Columbia in November 1979 with a Bachelor of Commerce degree in Accounting and Management Information Systems.

**MA, Suk Ching**, aged 44, has been General Manager, Development & Valuations of the Company since January 2010 and is responsible for the Company's new acquisitions, property development and valuation in Hong Kong. She joined the Company in 1996 and was Senior Sales Manager from November 2000 before assuming her current position. She graduated from the University of Hong Kong in December 1990 with a Bachelor of Science degree in Quantity Surveying. She is a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors.

**MANN, Ainsley William**, aged 45, has been General Manager, Shanghai and Eastern China of the Company since joining the Company in February 2011 and is responsible for new acquisitions, property development and management of the Company's business in Shanghai and Eastern China. Before joining the Company, he worked with Swire Beverages for 13 years, during eight of which he was based in Mainland China. He was appointed Chief Executive Officer of Coca-Cola Bottlers Manufacturing Holdings Limited in China in 2006 and was responsible for the development of new manufacturing facilities. He graduated from University of Aberdeen in Scotland in July 1986 with a Bachelor's degree in Land Economy. He is a member of The Royal Institution of Chartered Surveyors and The Institute of Logistics, U.K..

**NG, Kar Wai Kenneth**, aged 55, has been General Manager, Projects of the Company in Hong Kong since January 2010 and is responsible for the design, construction and completion of all new property developments in Hong Kong. He joined the Company in 2002 and was Senior Project Manager from March 2002 before assuming his current position. He graduated from the University of

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Manitoba in May 1978 with a Bachelor of Science degree in Civil Engineering. He is a registered structural engineer in Hong Kong and is a member of the Hong Kong Institution of Engineers, the Institution of Civil Engineers, U.K. and the Institution of Structural Engineers, U.K..

**OWENS, Stephen Lee**, aged 63, has been President of the Company's USA operations since 1985 and is responsible for property investment and development projects for the Company in the USA. He joined the Company in 1977 and has worked with the Company in Hong Kong and the USA. He graduated from East Carolina University in May 1970 with a Bachelor of Science degree in Business Administration.

**PURVIS, Dominic Alexander Chartres**, aged 45, is General Manager, Marketing, Communications & e-Services of the Company. He has been responsible for marketing and communications since July 2009 and additionally for e-services since October 2011. He joined the Swire group in 1989 and has worked for Cathay Pacific Airways Limited and the Company in Hong Kong, Germany and India. He graduated from the University of Oxford in 1989 with a Bachelor of Arts degree in Modern Languages and obtained a Master of Arts degree from the University of Oxford in January 1994.

**TAYLOR, Donald William Gerard**, aged 43, has been General Manager, Office of the Company since January 2011 and is responsible for office leasing and management of the Company's investment portfolio in Hong Kong. He joined the Company in 1991 and was Senior Portfolio Manager responsible for the leasing and management of TaiKoo Place from February 2005 before assuming his current position. He graduated from Cauldon College in the UK in June 1990 with a Diploma in Valuation Surveying. He is a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors.

**TO, Wai Yip Adrian**, aged 47, has been General Manager, Residential of the Company since May 2010 and is responsible for sales, leasing and management, estate management and marketing of the Company's residential portfolio in Hong Kong. He joined the Company in 1988 and has worked with the Company in Hong Kong and London. Before assuming his current position, he was General Manager, Special Projects from January 2008, responsible for various corporate initiatives of the Company. He graduated from City University London in October 1988 with a Bachelor of Science degree in Property Valuation and Management. He is a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors and a registered professional surveyor of Surveyors Registration Board.

**TONG, Wai Lee**, aged 53, has been General Manager, Retail of the Company since July 2010 and is responsible for retail leasing and management of the Company's investment portfolio in Hong Kong. She joined the Company in 1987 and was Senior Portfolio Manager responsible for the leasing and management of Cityplaza from January 1997 before assuming her current position. She graduated from Hong Kong Polytechnic, now known as the Hong Kong Polytechnic University, in November 1980 with a Higher Diploma in Surveying. She is a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors.

**WILLIAMS, Brian Edward**, aged 52 has been Managing Director of Swire Properties Hotel Holdings Limited since joining the Company in January 2006 and is responsible for the development and management of the Company's hotel portfolio. He completed a management training programme

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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with Trust House Forte Hotels in the United Kingdom and has held a number of senior management positions with Mandarin Oriental Hotel Group and was the chief executive officer of the Scotsman Hotel Group prior to joining the Company.

### COMPANY SECRETARY

**FU, Yat Hung David**, aged 47, has been Company Secretary of the Company since February 2010. He graduated from the University of Oxford with a Master of Arts degree in Engineering, Economics and Management. He is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He joined the Swire group in 1988 and has worked with the group in Hong Kong and Beijing. He is also Company Secretary of Swire Pacific, Cathay Pacific Airways Limited and Hong Kong Aircraft Engineering Company Limited, all listed on the Stock Exchange.

### COMPLIANCE ADVISER

We have appointed Quam Capital Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules. Quam Capital Limited will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws.

The term of the appointment will commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year after the Listing Date.

### BOARD COMMITTEES

#### Audit Committee

The Company has established a Board audit committee in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal controls. The audit committee currently consists of three non-executive Directors, two of whom are independent. The members currently are John Chan, Paul Etchells and Peter Kilgour. It is currently chaired by an independent non-executive Director, Paul Etchells.

The responsibilities of the audit committee following completion the Spin-off will include, among others:

- (a) to make recommendations to the Board, for it to put to the Shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;
- (c) to discuss with the external auditor before the audit commences the nature and scope of the audit and reporting obligations and ensure co-ordination where more than one audit firm is involved;



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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- (d) to develop and implement policy on the engagement of an external auditor to supply non-audit services and to report to the board, identifying any matters in respect of which the committee considers that action or improvement is needed and making recommendations as to the steps to be taken;
- (e) to monitor integrity of the interim and annual financial statements and annual and interim report and accounts and to review significant financial reporting judgments contained in them before submission to the Board, focusing particularly on:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas;
  - (iii) significant adjustments resulting from the audit;
  - (iv) the going concern assumptions and any qualifications;
  - (v) compliance with accounting standards; and
  - (vi) compliance with Stock Exchange and legal requirements in relation to financial reporting;
- (f) in regard to paragraph (e) above, to consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and give due consideration to any matters that have been raised by the Finance Director, Company Secretary or auditors;
- (g) to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary);
- (h) to review the external auditors management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response, and to ensure that the Board provide a timely response to the issues raised;
- (i) to review the Company's statement on internal control systems (where one is included in the annual report) prior to endorsement by the board;
- (j) to review the Company's financial controls, internal control and risk management systems;
- (k) to discuss with management the system of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of the resources, qualifications and experience of the staff of the Company's accounting and financial reporting function, and their training programmes and budget;
- (l) to monitor and review the effectiveness of the internal audit function, consider the major findings of internal investigations and management's response, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company and is free from management or other restrictions;

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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- (m) to review the group's financial and accounting policies and practices;
- (n) to report to the board on the matters raised in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules;
- (o) to review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in financial report, internal control or other matters. The audit committee should ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action; and
- (p) to consider other topics, as defined by the Board.

The Company believes that the composition and functioning of its audit committee following completion of the Spin-off will comply with the applicable requirements of the Stock Exchange. The Company intends to comply with future requirements to the extent they become applicable to it.

### Remuneration Committee

The Company has established a Board remuneration committee in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The remuneration committee currently comprises three non-executive Directors, two of whom are independent. The members currently are Stephen Bradley, James Hughes-Hallett and S C Liu. It is currently chaired by James Hughes-Hallett, who is a non-executive Director.

The responsibilities of the remuneration committee include, among others:

- to determine the remuneration packages of individual executive Directors and senior management, (including salaries, bonuses, benefits in kind and the terms on which they participate in any share or other incentive scheme and any provident fund or other retirement benefit scheme) taking into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors and senior management, employment conditions elsewhere in the group and desirability of performance-based remuneration;
- to determine the terms and conditions on which the employment of any executive Director or senior management shall be terminated to ensure that any compensation payment is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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- to make recommendation to the board on the remuneration of non-executive Directors; and
- to ensure that no Director or any of his associates is involved in deciding his own remuneration.

### DIRECTORS' AND SENIOR MANAGEMENT'S COMPENSATION

The aggregate amounts of emoluments (including fees, salaries, discretionary bonuses, contributions to retirement schemes, housing and other benefits and other allowances) paid to the Directors for the three years ended 31st December 2010 were approximately HK\$51 million, HK\$74 million and HK\$46 million, respectively.

The aggregate amount of the emoluments (including fees, salaries, discretionary bonuses, contributions to retirement schemes, housing and other benefits and other allowances) paid to the Company's five highest paid individuals for the three years ended 31st December 2010 were approximately HK\$45 million, HK\$59 million and HK\$39 million, respectively.

Except as disclosed above, no other payments have been made or are payable, in respect of the three years ended 31st December 2008, 2009 and 2010, by any of member of the Group to any of the Directors.

Under the arrangements currently in force, we estimate the aggregate compensation, excluding discretionary bonus, of the Directors payable for the year ending 31st December 2011 to be approximately HK\$37 million.

### EMPLOYEES

As at 30th September 2011, we had a total of 3,888 full-time employees (including secondees from JSSHK). The table below shows the number of employees in each of the stated categories as at 30th September 2011:

<u>Category</u>	<u>Number</u>
Senior management .....	58
Development and valuations .....	64
Projects .....	139
Portfolio management .....	1,636
Residential .....	452
Marketing and communications .....	37
Finance and accounting.....	92
e-Services .....	52
Human resources and administration .....	99
Hotel .....	1,065
U.S. operations .....	31
Others .....	163
Total .....	3,888

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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During the year ended 31st December 2010, the total number of employees increased from 3,608 to 3,929.

### RETIREMENT BENEFIT SCHEMES

Our employees are offered retirement benefits upon their retirement or leaving the Company. With effect from 1st December 2000, all full-time permanent employees have a one-off option at the commencement of employment to choose between the Mandatory Provident Fund Scheme (MPF) and the Company's retirement scheme operated under the Occupational Retirement Schemes Ordinance (ORSO). The Company's ORSO Scheme has obtained an MPF exemption certificate issued by the Mandatory Provident Fund Schemes Authority and is non-contributory for employees. A scheme choice booklet is given to all prospective employees together their employment letter. The booklet provides explanation and comparison between the ORSO Scheme and MPF Scheme.

All temporary or contract employees are offered MPF Scheme membership only. Both the employee and the Company each contribute 5% of the employee's relevant income (subject to a cap of HK\$20,000 per month) to the employee's account.

For the ORSO Scheme, upon termination of service or retirement, payment is made by the trustee of the scheme directly to the employee, or in the case of death, to his/her beneficiaries in accordance with the power of discretion vested in the trustee.

For the MPF Scheme, employees will receive their benefits at age 65 or upon being permanently disabled. In the case of death, the MPF account balance will be paid to the legal personal representative. If an employee leaves the Company, his/her account balances may be transferred to his/her new account under the MPF Scheme of the new employer.

Our employees in the PRC participate in statutory social security plans enacted in Mainland China, which cover pension, medical and other welfare benefits. Both the employers and the employees are required to make contributions to the plans calculated based on percentage of the monthly compensation of employees, subject to a certain ceiling, and are paid to the respective labour and social welfare authorities. The local government is responsible for the planning, management and supervision of the scheme, including collecting the contributions and paying out the pensions to the retired employees.

For details of the Group's retirement benefits schemes, please refer to Note 25 to the Accountant's Report in Appendix I to this listing document.

### OTHER EMPLOYEE BENEFITS

We also provide other benefits to our staff or particular categories of staff, including medical benefits, group life insurance, corporate housing (or housing allowance), discretionary bonus, leave passage allowance, children's education allowance, overtime allowance and professional membership fee reimbursement.

Remuneration of our employees primarily includes salaries, discretionary bonus, housing allowance and certain other allowances. Bonuses are generally discretionary based on individual performance of the employee and the overall performance of our business.

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## **DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

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We incurred staff costs of HK\$725 million, HK\$901 million and HK\$1,087 million for each of the three years ended 31st December 2008 , 2009 and 2010, respectively, representing 9.1%, 10.8% and 12.3% of our turnover for these periods, respectively.

### **STAFF TRAINING AND DEVELOPMENT**

We value our people and offer ample opportunities for them to develop and grow within the Group. We offer our staff, including trainees, comprehensive training in negotiation skills, leadership, business etiquette, problem-solving, decision-making, business ethics and corporate social responsibility.

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## SHARE CAPITAL

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	<u>Number of Shares</u>	<u>Value (HK\$)</u>
Authorised share capital .....	30,000,000,000	30,000,000,000
Issued Shares immediately before completion of the Spin-off .....	5,850,000,000	5,850,000,000

Notes:

**(1) Assumptions**

The above table assumes that the Spin-off becomes unconditional and it takes no account of any Shares which may be allotted and issued pursuant to the general mandate to issue new Shares (see Note 3 below), or which we may repurchase pursuant to the share repurchase mandate (see Note 4 below).

**(2) Ranking**

The Shares are ordinary shares in the share capital of the Company and will rank equally in all respects with each other, and will qualify for all dividends, income and other distributions declared, made or paid and any other rights and benefits attaching or accruing to the Shares following the completion of the Spin-off.

**(3) General Mandate to Issue Shares**

The Directors have been granted a mandate to allot, issue and deal with additional Shares and to make or grant offers, agreements and options which will or might require the exercise of such powers, provided that the aggregate nominal amount of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors other than pursuant to:

- (i) a rights issue; or
- (ii) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares

shall not exceed the aggregate of:

- (I) 20% of the aggregate nominal amount of the Shares in issue as at the date on which dealings in the Shares commence on the Stock Exchange provided that the aggregate nominal amount of the Shares so allotted (or so agreed conditionally or unconditionally to be allotted) wholly for cash shall not exceed 5% of the aggregate nominal amount of the Shares in issue as at the date on which dealings in the Shares commence on the Stock Exchange; and
- (II) the aggregate nominal amount of the share capital of the Company purchased by the Company subsequent to the passing of the share allotment mandate (up to a maximum equivalent to 10% of the aggregate nominal amount of Shares in issue as at the date on which dealings in the Shares commence on the Stock Exchange).

This mandate will expire at the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the revocation or variation of the authority given by an ordinary resolution of the Shareholders.

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## SHARE CAPITAL

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For further details of this mandate, see the section headed “Further Information About the Company — Written Resolutions of the Sole Shareholder Dated 22nd September 2011” in Appendix VIII “Statutory and General Information” to this listing document.

### **(4) General Mandate to Repurchase Shares**

The Directors have been granted a repurchase mandate to exercise all the powers of the Company to make on-market repurchase of Shares with a total nominal value of not more than 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date on which dealings in the Shares commence on the Stock Exchange.

This repurchase mandate only relates to on-market share repurchases (within the meaning of the Hong Kong Code on Share Repurchases) and will expire at the earliest of:

- (i) the conclusion of the Company’s next annual general meeting;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the revocation or variation of the authority given by an ordinary resolution of the Shareholders.

For further details of this repurchase mandate, see the section headed “Further Information About the Company — Written Resolutions of the Sole Shareholder Dated 22nd September 2011” in Appendix VIII “Statutory and General Information” to this listing document.

### **UNDERTAKINGS BY THE COMPANY**

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that the Company will not issue any further Shares or securities convertible into equity securities of the Company (whether or not of a class already listed) or enter into any agreement to such issue within six months from the date on which the Company’s securities first commence dealing on the Stock Exchange (whether or not such issues of Shares or securities will be completed within six months from the commencement of dealing), except in the circumstances provided under Rule 10.08 of the Listing Rules.

### **UNDERTAKINGS BY THE CONTROLLING SHAREHOLDERS**

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to the Company that except pursuant to the Swire Pacific Distribution, it will not and will procure that the relevant registered holder(s) will not:

- (a) in the period commencing on the date by reference to which disclosure of its shareholding is made in this listing document and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this listing document to be the beneficial owner; and
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights interests or encumbrances in respect of, any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be the controlling shareholder of the Company.

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## SHARE CAPITAL

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Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to the Company that within the period commencing on the date by reference to which disclosure of its shareholding in the Company is made in this listing document and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, it will:

- (i) when it pledges or charges any Shares beneficially owned by it in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of Shares so pledged or charged; and
- (ii) when it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform the Company of such indications.



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## FINANCIAL INFORMATION

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*You should read the following discussion and analysis of our business, financial condition and results of operations together with the consolidated financial information as at and for each of the years ended 31st December 2008, 2009 and 2010 and as at and for the six months ended 30th June 2011 and for the six months ended 30th June 2010 and the accompanying notes included in the Accountant's Report set out in Appendix I to this listing document and the other financial information appearing elsewhere in this listing document. The consolidated financial information has been prepared in accordance with HKFRS, which may differ in material respects from generally accepted accounting principles in other jurisdictions, including the United States. The following discussion and analysis contains forward-looking statements and information that involve substantial risks and uncertainties. Our future results could differ materially from those stated in any forward-looking statements and forward-looking information contained in this section and this listing document. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk Factors" in this listing document.*

### **BASIS OF DISCUSSION AND PRESENTATION OF OUR FINANCIAL INFORMATION**

We set forth below a discussion of our operating results as at and for the years ended 31st December 2008, 2009 and 2010, and the six months ended 30th June 2010 and 2011. The financial information has been presented on a consolidated basis so as to present audited statements of financial position as at 31st December 2008, 2009 and 2010, and 30th June 2011 and an unaudited statement of financial position as at 30th June 2010, audited income statements and statements of cash flow for the years ended 31st December 2008, 2009 and 2010, and the six months ended 30th June 2011 and an unaudited income statement and statement of cash flows for the six months ended 30th June 2010. The financial information has been prepared in accordance with the accounting policies set out in Appendix I to this listing document, which conform with HKFRS issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The same accounting policies have been consistently applied to the financial information for the years ended 31st December 2008, 2009 and 2010, and the six months ended 30th June 2010 and 2011, except for the amendment to Hong Kong Accounting Standard 40 "Investment Property" ("HKAS 40") and Hong Kong Accounting Standard 16 "Property, Plant and Equipment" ("HKAS 16"), which was published by the HKICPA in May 2009. HKAS 40 and HKAS 16 require investment properties under development to be held at fair value rather than at cost. The amendment to HKAS 40 and HKAS 16 is effective for the accounting periods beginning on or after 1st January 2009 and is applied prospectively. Under the relevant accounting rules, the amendment to HKAS 40 and HKAS 16 may only be applied retrospectively if the fair values of the investment properties under development can be determined at the relevant earlier dates. In determining those fair values, the rules do not permit the use of hindsight. In our case, hindsight would need to be used in order to perform the separation of the valuations of certain of our hotel properties which would be necessary in order to determine the valuation of investment properties under development at the relevant earlier dates. This is because those hotel properties (which were components of certain of our properties under development) were not valued separately from the other components of those properties under development. For details of the impact of the amendment to HKAS 40 and HKAS 16 on our financial information, please refer to the sub-sections headed "Critical Accounting Policies and Estimates — Investment Properties" and "Results of Operations — 2009 compared to 2008" in this section of the listing document.

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## FINANCIAL INFORMATION

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We have prepared our consolidated financial information under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale investments at their fair value in accordance with HKFRS.

Please refer to Note 2 to the Accountant's Report in Appendix I to this listing document for significant accounting changes that have impacted the Track Record Period.

### OVERVIEW

We are a leading developer, owner and operator of mixed use, principally commercial, properties in Hong Kong and the PRC with a well-established record of creating long-term value by transforming urban areas. Our business comprises three main areas: (i) property investment, which is the development, leasing and management of commercial, retail and some residential properties as long-term investment; (ii) property trading, which is the development and construction of properties, principally residential apartments, for sale; and (iii) investment in and operation of hotels.

### FACTORS AFFECTING RESULTS OF OPERATIONS

#### General Economic Conditions and Market Cyclicity

General economic conditions, principally those in Hong Kong and the PRC, have affected and may continue to affect our business and results of operations. In particular, consumer spending power and confidence have affected rental income from our retail portfolio, a portion of which is turnover rent. Economic conditions in Hong Kong and the PRC directly affect the demand for office and retail premises in Hong Kong and the PRC and therefore our rental income from our office and retail portfolio. For example, the demand for, and rental rates of, our office premises generally decreased due to the global financial crisis in the second half of 2008. We expect the demand for our retail and office spaces and our operating results will continue to be affected by the general economic conditions in Hong Kong and the PRC.

The Hong Kong and PRC property markets have historically been cyclical. For example, during 2003 when the economy experienced a sharp downturn due to the spread of SARS, the average rental per square foot in the Hong Kong property market fell significantly. Typically, during periods of economic growth we experience positive rental reversions, that is, we are able to achieve higher rental rates upon lease renewal, rent review or entry into new leases compared to the prior rental rate for a particular property. Conversely, during periods of sustained economic contraction or significant market disruptions, rental reversions can be negative. Because lease terms and the periods between rental reviews typically are at least three years, rental rates on individual premises are locked in for several years at a level which may diverge from the prevailing market rate for similar premises during the period until the lease expires or the next rental review.

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## FINANCIAL INFORMATION

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### Rental Rates and Occupancy Trends

Our rental income depends principally on our rental rates and occupancy rates. Factors affecting the rental rates for tenancies include the supply of comparable premises and the overall demand in the market, the floor area occupied by individual tenants, the trade sectors in which tenants operate, general macroeconomic conditions (including inflation rates) and occupancy rates. In addition, occupancy rates largely depend on rental rates relative to those at competing properties, the supply of and demand for comparable properties and the ability to minimise the intervals between lease expiries (or terminations) and the entry into new leases. In addition, occupancy rates of a new property tend to be lower during the first few months after its opening.

The following table sets forth information on the average effective rent per leased square foot at our principal completed investment properties for the periods indicated:

	2008	2009	2010	Six months ended 30th June 2011
	(HK\$ per square foot)			
<b>HONG KONG</b>				
<i>Office</i>				
One, Two and Three Pacific Place.....	52.6	62.4	65.7	68.8
TaiKoo Place:				
One Island East.....	23.9	28.5	30.9	31.8
Techno-centres .....	14.1	15.0	15.9	16.7
TaiKoo Place Office Towers <sup>(1)</sup> .....	24.0	25.9	26.6	27.5
Overall .....	21.6	22.4	24.3	25.3
Cityplaza One, Three and Four .....	23.1	24.6	25.2	25.9
<i>Retail</i>				
The Mall at Pacific Place .....	134.4	137.8	149.4	154.6
Cityplaza (retail).....	44.5	47.0	48.6	49.7
<i>Residential</i>				
Pacific Place Apartments.....	51.2	53.0	55.7	61.4
<b>PRC</b>				
<i>Retail</i>				
Village South .....	23.8 <sup>(2)</sup>	31.4 <sup>(2)</sup>	34.3 <sup>(2)</sup>	36.3 <sup>(2)</sup>
Village North .....	—	—	10.2 <sup>(2)</sup>	13.1 <sup>(2)</sup>

*Notes:*

(1) Excluding PCCW Tower

(2) RMB per square foot

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## FINANCIAL INFORMATION

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The following table sets forth information on the average occupancy rates at our principal completed investment properties for the periods indicated:

	2008	2009	2010	Six months ended 30th June 2011
	%	%	%	%
<b>HONG KONG</b>				
<i>Office</i>				
One, Two and Three Pacific Place.....	99.8	98.0	98.7	100.0
TaiKoo Place:				
One Island East.....	90.9	92.0	99.5	100.0
Techno-centres .....	100.0	98.8	98.9	96.4
TaiKoo Place Office Towers <sup>(1)</sup> .....	100.0	99.0	99.0	99.0
Overall .....	97.6	97.2	99.1	98.4
Cityplaza One, Three and Four .....	99.9	98.6	96.4	98.2
<i>Retail</i>				
The Mall at Pacific Place .....	100.0	100.0	100.0	100.0
Cityplaza (retail).....	100.0	100.0	100.0	100.0
<i>Residential</i>				
Pacific Place Apartments.....	94.8	84.0	89.6	85.3
<b>PRC</b>				
<i>Retail</i>				
Village South.....	89.3	90.8	92.9	91.4
Village North.....	—	—	69.1	83.3

Note:

(1) Excluding PCCW Tower.

### Scheduled Lease Expiries and Rent Reviews

Lease terms for our principal investment properties generally range from three to five years for retail tenants and three to six years for office tenants. Rental rates under our retail leases generally increase at a fixed, pre-agreed amount each year. In addition, our leases with terms of more than three years will generally provide that the rents payable are reviewed and adjusted every three years or at other intervals in accordance with prevailing market levels. Lease terms for our residential leases generally range from one month to two years.

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## FINANCIAL INFORMATION

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The following table sets forth information relating to the expiry of our office and retail tenancies at our majority-owned investment properties as at 30th September 2011.

As at 30th September 2011	Year of expiry of lease term	LFA as at 30th September 2011  (million sq.ft.)	Percentage of total LFA of our completed investment properties as at 30th September 2011  (%)	Percentage of our total base rental income for the month ended 30th September 2011  (%)
Tenancies expiring in .....	2011	0.3	3	3
	2012	1.7	16	16
	2013	2.4	22	27
	2014 and beyond	6.1	57	54
Vacant space .....		<u>0.3</u>	<u>2</u>	<u>—</u>
Total .....		<u><u>10.8</u></u>	<u><u>100</u></u>	<u><u>100</u></u>

Our ability to re-lease expiring space and the terms we achieve will have an impact on our results of operations.

### Changes in Fair Value of Investment Properties

Property values are affected by, among other factors, supply of and demand for comparable properties, the rate of economic growth, interest rates, inflation, political and economic developments in Hong Kong and the PRC, construction costs and the timing of our development of properties.

The annual revaluation of our investment properties has resulted and may continue to result in significant fluctuations in our operating profit. Excluding the effect of deferred tax, an increase in the fair value of our investment properties of HK\$358 million was recorded in 2008, followed by a significantly larger fair value gain on investment properties of HK\$14,407 million in 2009. A fair value gain on investment properties of HK\$20,480 million was recorded in 2010, and a further fair value gain on investment properties of HK\$17,553 million was recorded in the six months ended 30th June 2011.

For additional information on revaluation of our investment properties, see the sub-section headed “Critical Accounting Policies and Estimates — Investment Properties” and the sub-section headed “Certain Financial Position Items — Investment properties” below.

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### Access to and Cost of Funding

As at 31st December 2008, 2009 and 2010, 30th June 2011 and 31st October 2011, our outstanding bank borrowings (most of which were denominated in Renminbi) amounted to HK\$3,715 million, HK\$4,229 million, HK\$5,676 million, HK\$6,947 million and HK\$7,627 million, respectively. The average interest rate on our bank borrowings, computed as our total interest expenses in respect of our bank borrowings for each year (or, as the case may be, the six months ended 30th June 2011 or the ten months ended 31st October 2011) divided by the simple average of our month-end outstanding bank borrowings in years 2008, 2009 and 2010, the six-month period ended 30th June 2011 or, as the case may be, the ten-month period ended 31st October 2011, amounted to 7.2%, 6.1%, 5.7%, 6.0% and 6.2%, respectively. Our aggregate interest expenses on our bank borrowings during the same periods amounted to HK\$239 million, HK\$230 million, HK\$265 million, HK\$185 million and HK\$341 million, respectively. As banks in the PRC link the interest rates on their loans to benchmark lending rates published by the PBOC, any increase in such benchmark lending rates will increase the interest costs for our business. In addition, our access to capital and cost of financing are affected by restrictions imposed from time to time by the PRC government on bank lending for property developments.

As at 31st December 2008, 2009 and 2010, 30th June 2011 and 31st October 2011, our aggregate outstanding borrowings from Swire Pacific and Swire Finance amounted to HK\$34,274 million, HK\$31,304 million, HK\$32,202 million, HK\$33,067 million and HK\$20,109 million, respectively. Our borrowings from Swire Pacific were interest free. All of our outstanding borrowings from Swire Pacific were capitalised on 31st December 2009. The average interest rate on our borrowings from Swire Finance, computed as our total interest expense in respect of our interest-bearing borrowings from Swire Finance for each year, half year or ten-month period, as applicable, divided by the simple average of our month-end outstanding interest-bearing borrowings from Swire Finance in years 2008, 2009 and 2010, the six-month period ended 30th June 2011 and the ten-month period ended 31st October 2011, amounted to 4.25%, 3.82%, 3.76%, 3.71% and 4.00%, respectively. Our aggregate interest expense on our borrowings from Swire Finance during the same periods amounted to HK\$1,228 million, HK\$1,182 million, HK\$1,202 million, HK\$585 million and HK\$935 million, respectively.

Upon maturity of our borrowings from Swire Finance, we intend to obtain new funding (as necessary) without recourse to Swire Pacific. We believe that we will be able to do so based on our record of fund-raising on a standalone basis and our strong financial position. For further details about our financial independence from the Controlling Shareholders, see the section headed “Relationship with the Controlling Shareholders — Independence from the Controlling Shareholders — Financial independence” in this listing document. In addition, we have obtained and expect to continue to obtain standalone financing to fund the construction of our PRC projects.

## FINANCIAL INFORMATION

The table below gives information about the financing of our PRC projects as at 31st October 2011.

	Sanlitun Village <sup>(6)</sup>	Dazhongli <sup>(3)</sup>		INDIGO <sup>(3)</sup>	TaiKoo Hui	Daci Temple <sup>(3)</sup>	Total	Amount Attributable to the Group <sup>(4)</sup>
		Entry premium	Other costs	(On a 100% basis) (RMB in millions)				
Total funding required.....	6,348	550	16,588	4,012	6,703	6,390	40,591	25,625
Less: Funding drawn to date .	6,022	550	8,365	2,791	4,325	807	22,860 <sup>(7)</sup>	15,544 <sup>(5)</sup>
Balance funding required.....	326	—	8,223	1,221	2,378	5,583	17,731	10,081
Less: Loans committed yet to be drawn ....	158	—	8,000 <sup>(1)</sup>	1,221	650 <sup>(2)</sup>	—	10,029	5,368
Less: New loans expected to be committed.....	168	—	—	—	453	2,600	3,221	1,874
Less: Projected net cash flow..	—	—	—	—	550	1,516	2,066	1,291
New registered capital and shareholder's loan to be injected .....	—	—	223	—	725	1,467	2,415	1,548

Notes:

- (1) The loan agreement for a syndicated loan of RMB 8 billion was signed in December 2010. The loan is for a term of 13 years and the interest rate is below the applicable PBOC rate.
- (2) The loan agreement was signed in April 2010. The loan is for a term of approximately 5 years and the interest rate is below the applicable PBOC rate.
- (3) The debt to be incurred by the Dazhongli, INDIGO and Daci Temple projects is not accounted for as a borrowing of the Group as jointly controlled companies are accounted for by the equity method of accounting.
- (4) Weighted by attributable ownership or interest: Sanlitun Village (80%), Dazhongli (50%), INDIGO (50%), TaiKoo Hui (97%) and Daci Temple (50%).
- (5) Including equity contribution and shareholder loans from the Group in the total amount of RMB10,560 million.
- (6) For the purpose of this table, Sanlitun Village does not include The Opposite House.
- (7) Including equity contribution and shareholder loans from the Group in the total amount of RMB16,576 million.

For details of the valuation of each of the PRC projects attributable to the Group, see the sections headed “Business — Principal Completed Investment Properties — The PRC” and “Business — Principal Investment Properties under Development or Held for Future Development” in this listing document.

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### RECENT DEVELOPMENTS

The following event took place after 30th June 2011 and was reflected in the Accountant's Report in Appendix I to this listing document as an event after the reporting period.

#### **Sale of 100% Interest in Festival Walk**

In July 2011, an agreement was entered into with an Independent Third Party for the disposal of the Group's entire interest in Festival Walk for a cash consideration of HK\$18,800 million, subject to an adjustment by reference to net current assets and liabilities at completion. The adjustment resulted in an additional receipt of approximately HK\$116 million. Completion took place on 18th August 2011. The profit on the sale, which excludes gains on revaluation of the property previously credited to the income statement up to 30th June 2011 (of which HK\$1,098 million arose in the six months ended on that date), is HK\$595 million. The underlying profit on the disposal is HK\$8,615 million. Underlying profit principally reflects adjustments for the impact of HKAS 40 on investment properties and amended HKAS 12 on deferred taxation. Prior to the implementation of HKAS 40, changes in fair value of investment properties were recorded in the revaluation reserve rather than the consolidated income statement. On sale, the revaluation gains were transferred from the revaluation reserve to the consolidated income statement. The effect is that the underlying profit on the disposal of Festival Walk will be calculated by reference to its original cost to the Group.

A portion of the proceeds of the sale was paid to Swire Pacific by way of a special interim dividend of HK\$4,514 million on 30th September 2011. A further portion of the proceeds of the sale was paid to Swire Pacific by way of a second special interim dividend of HK\$5,500 million on 8th November 2011. The Group has repaid HK\$8,282 million of the Inter-group Funding out of the proceeds of the sale of that investment property. HK\$500 million of the amount repaid related to an underlying revolving facility and is therefore available for reborrowing. The remaining portion of such repayment of the Inter-group Funding related to an underlying revolving facility (which has been cancelled after the repayment), underlying term loans and notes issued under the Swire Pacific group's US\$3.5 billion medium term note programme and is not available for reborrowing.

Festival Walk is a retail property with an office component located at 80 Tat Chee Avenue, Yau Yat Tsuen, Kowloon. Festival Walk had a total LFA of 794,467 square feet as at 30th June 2011. The retail portion of Festival Walk comprised over 200 shops with a total LFA of 580,485 square feet as at 30th June 2011. The office portion of Festival Walk comprised four storeys of office space ("**Festival Walk Tower**") with a total LFA of 213,982 square feet as at 30th June 2011.

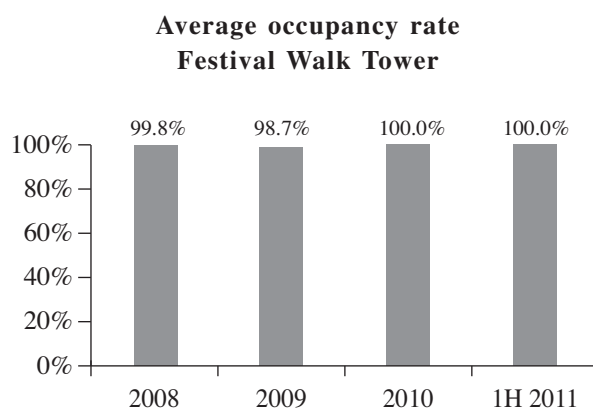
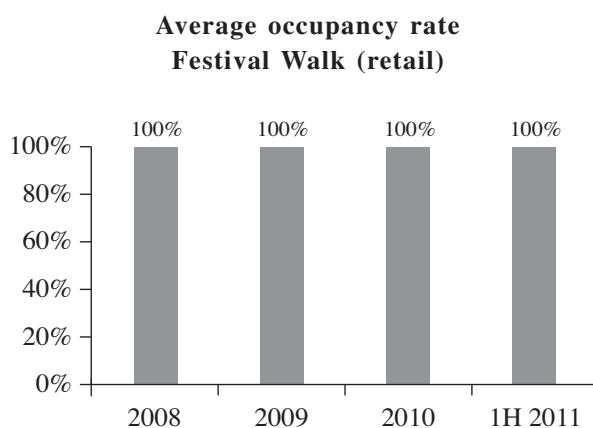


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## FINANCIAL INFORMATION

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The charts below show the average occupancy rates of the retail portion of Festival Walk and Festival Walk Tower respectively for the Track Record Period.



The following tables show the average effective rents and the net rental incomes of the retail portion of Festival Walk and Festival Walk Tower respectively for each of the periods indicated.

**Average effective rent and net rental income  
Festival Walk (retail)**

	Average effective rent (per square foot)	Average effective total rent (per square foot)	Net rental income (in millions)
<b>Year ended 31st December</b>			
2008	HK\$91.8	HK\$94.7	HK\$697.6
2009	HK\$94.4	HK\$97.2	HK\$702.6
2010	HK\$96.4	HK\$99.9	HK\$724.9
<b>Six months ended 30th June 2011</b>	HK\$97.9	HK\$101.8	HK\$372.8

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## FINANCIAL INFORMATION

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### Average effective rent and net rental income Festival Walk Tower

	Average effective rent (per square foot)	Net rental income (in millions)
<b>Year ended 31st December</b>		
2008	HK\$21.1	HK\$62.8
2009	HK\$30.5	HK\$85.1
2010	HK\$31.1	HK\$87.9
<b>Six months ended 30th June 2011</b>	HK\$30.4	HK\$43.9

#### **Issue of Further Shares to Swire Pacific**

On 30th November 2011, the Company issued 160,000,000 Shares to Swire Pacific for a total cash consideration of HK\$4,500 million (being HK\$28.125 per Share). Following this Share issue, the Company has a total of 5,850,000,000 issued Shares.

#### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Estimates and judgments used in preparing the consolidated financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. We make estimates and assumptions concerning the future. The resulting accounting estimates will, inevitably, seldom be equal to the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

When reviewing our consolidated financial information, you should consider (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. We believe the following accounting policies involve the most significant judgment and estimates used in the preparation of our consolidated financial information.

#### **Investment Properties**

DTZ, an independent property valuer, was engaged to carry out a valuation of the major portion of the Group's investment property portfolio as at 31st December 2008, 2009 and 2010 and as at 30th June 2011. These valuations were carried out in accordance with the Valuation Standards on Properties issued by the Hong Kong Institute of Surveyors which defines market value as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties each acted knowledgeably, prudently and without compulsion".

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## FINANCIAL INFORMATION

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DTZ has derived the valuation of the Group's completed investment property portfolio by capitalising the rental income derived from existing tenancies with due provision for reversionary income potential and by making reference to recent comparable sales transactions as available in the relevant property market. They make assumptions principally in respect of open market rents and yields.

DTZ has derived the valuation of the Group's investment properties under development by making reference to recent comparable sales transactions as available in the relevant property market (on the assumption it had already been completed at the valuation date), and has also taken into account the construction cost already incurred as well as the estimated cost to be incurred to complete the project. Where the valuation is prepared based on the assumption that the property's title certificate has been received but this is not the case, the Group has made an estimate of the future land costs and deducted from the valuation.

Management has reviewed the independent property valuation and compared it with its own assumptions, with reference to comparable sales transaction data where such information is available, and has concluded that the independent property valuation of the Group's investment property portfolio is reasonable.

In accordance with an amendment to HKAS 40 and HKAS 16, the Group's investment properties under development have been held at fair value rather than at cost from the year ended 31st December 2009. Prior to the amendment to HKAS 40 and HKAS 16, land and buildings being developed for future use as investment properties were carried at cost less impairment rather than at fair value.

### **Impairment of Assets**

The Group tests at least annually whether goodwill and other assets that have indefinite useful lives have suffered any impairment. Assets, including land and properties not held at fair value, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is determined using fair value less costs to sell or based on a value-in-use calculation as appropriate. These calculations require the use of estimates.

### **Income Taxes**

The Group is subject to income taxes in Hong Kong, the PRC, the U.K. and the U.S.. Significant judgment is required in determining the worldwide provision for income taxes. There are transactions and calculations relating to the Group's ordinary business activities for which the ultimate tax determination is uncertain. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the year in which the outcomes become known.

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## FINANCIAL INFORMATION

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### CERTAIN INCOME STATEMENT ITEMS

#### Turnover

We derive our turnover primarily from rental income from our investment properties, and to a lesser extent from property trading, hotel ownership and operation and rendering of property management services.

The following table illustrates our turnover by business segment during the Track Record Period:

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	(unaudited)				
	(HK\$ in millions)				
Gross rental income derived from:					
Offices .....	3,627	4,106	4,222	2,121	2,218
Retail:					
- Hong Kong retail .....	2,729	2,802	3,013	1,465	1,578
- PRC retail.....	181	258	344	172	228
Residential.....	291	267	296	144	152
Property investment .....	6,828	7,433	7,875	3,902	4,176
Property trading .....	889	643	400	52	99
Rendering of services .....	73	83	78	40	47
Hotels:					
- Hong Kong hotels .....	—	37	342	136	220
- PRC hotel .....	19	62	102	46	71
- UK hotels .....	137	73	74	33	52
Total turnover .....	7,946	8,331	8,871	4,209	4,665

## FINANCIAL INFORMATION

The following table illustrates turnover from our office, retail (Hong Kong and the PRC) and residential investment properties during the Track Record Period:

	Year ended 31st December											
	2008				2009				2010			
	Office	Hong Kong Retail	PRC Retail	Residential	Office	Hong Kong Retail	PRC Retail	Residential	Office	Hong Kong Retail	PRC Retail	Residential
	(HK\$ in millions)				(HK\$ in millions)				(HK\$ in millions)			
Base rent .....	2,906	1,888	174	205	3,341	1,961	232	188	3,429	2,070	293	208
Turnover rent .....	—	211	3	—	—	202	4	—	—	284	11	—
Services charges .....	—	120	—	86	—	124	—	79	—	130	—	88
Promotion levies .....	—	43	—	—	—	44	6	—	—	45	—	—
Air-conditioning and management charges .....	640	166	8	—	697	172	23	—	656	176	36	—
Carpark income .....	37	168	—	—	32	160	2	—	33	163	3	—
Other supplementary charges .....	44	133	(4)	—	36	139	(9)	—	104	145	1	—
<b>Total .....</b>	<b>3,627</b>	<b>2,729</b>	<b>181</b>	<b>291</b>	<b>4,106</b>	<b>2,802</b>	<b>258</b>	<b>267</b>	<b>4,222</b>	<b>3,013</b>	<b>344</b>	<b>296</b>

### Six months ended 30th June

	2010				2011			
	(unaudited)							
	Office	Hong Kong Retail	PRC Retail	Residential	Office	Hong Kong Retail	PRC Retail	Residential
	(HK\$ in millions)							
Base rent .....	1,730	1,026	153	102	1,817	1,065	193	106
Turnover rent .....	—	113	2	—	—	177	9	—
Services charges .....	—	65	—	42	—	66	—	46
Promotion levies .....	—	23	—	—	—	24	—	—
Air-conditioning and management charges .....	326	88	14	—	333	91	27	—
Carpark income .....	16	81	1	—	21	85	2	—
Other supplementary charges .....	49	69	2	—	47	70	(3)	—
<b>Total .....</b>	<b>2,121</b>	<b>1,465</b>	<b>172</b>	<b>144</b>	<b>2,218</b>	<b>1,578</b>	<b>228</b>	<b>152</b>

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### Cost of sales

Cost of sales comprises primarily rental outgoings, which include staff costs (other than costs of staff at the head office), utility expenses, building maintenance and services, car park expenses, marketing expenses, government rent and other expenses relating to our investment properties. In general, rental outgoings are fully recovered from tenants in Hong Kong. However, rental outgoings in the PRC (which include PRC real estate tax) are currently recovered only in part from tenants at our completed investment properties in the PRC. We also incur cost of sales related to our hotels, property trading and property management businesses. The following table illustrates our cost of sales during the Track Record Period:

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	(unaudited)				
	(HK\$ in millions)				
<b>Cost of Sales</b>					
Total rental outgoings .....	1,242	1,363	1,422	651	701
Property trading .....	648	499	267	37	73
Hotels .....	200	332	543	251	294
Other .....	35	34	29	16	20
Total cost of sales .....	2,125	2,228	2,261	955	1,088

### Administrative expenses

Administrative expenses comprise primarily head office staff costs, a management fee payable to Swire Pacific, office rent and rates, depreciation and utilities and other expenses. The management fee to Swire Pacific ceased to be payable for the year ended 31st December 2010 and subsequent years.

### Other operating expenses

Other operating expenses are service fees payable to JSSHK under the Services Agreement. For details of the Services Agreement, please refer to the section headed “Connected Transactions — Continuing Connected Transactions Subject to the Reporting and Announcement Requirements of the Listing Rules” in this listing document.

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### Other net gains

Our other net gains primarily consist of profit on sales of non-trading properties, profit on share dilution in subsidiaries, change in shareholding in PCCW Tower and net foreign exchange gains or losses. Our net foreign exchange losses arose from the appreciation of Renminbi during the Track Record Period, which reduced the value of our HK dollar and US dollar cash deposits placed in PRC banks pending conversion into Renminbi. The following table illustrates our other net gains during the Track Record Period:

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	(unaudited)				
	(HK\$ in millions)				
Profit on sales of non-trading properties .....	—	131	544	544	—
Remeasurement gains and profit on disposal relating to change of shareholding in PCCW Tower .....	—	—	342	—	—
Net foreign exchange losses .....	(26)	(3)	(2)	—	(3)
Forfeited deposit .....	27	29	—	—	—
Provision written back .....	—	—	18	—	19
Others .....	55	7	22	4	10
Other net gains .....	56	164	924	548	26

### Change in the fair value of investment properties

Investment properties are carried at fair value and are valued at least annually. The majority of investment properties are valued by independent valuers. The valuations are performed in accordance with the Valuation Standards on Properties issued by the Hong Kong Institute of Surveyors and are on an open market basis, related to individual properties, and separate values are not attributed to land and buildings. Investment properties that are being redeveloped for continuing use as investment properties are measured at fair value. Land and buildings that are being redeveloped for future use as investment properties started to be measured at fair value with effect from 1st January 2009. Changes in fair value are recognised in the income statement. The annual revaluation of the investment properties has in the past resulted, and in the future may continue to result, in significant fluctuations in the operating profit of the Group.

### Finance charges

Finance charges consisted of interest charges on bank loans and overdrafts and on loans from Swire Finance and Swire Resources, less capitalised interest charges on investment properties and other properties under development.

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## FINANCIAL INFORMATION

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The following table illustrates our finance charges during the Track Record Period:

	Year ended 31st December			Six months ended 30th	
	2008	2009	2010	2010	2011
	(unaudited)				
	(HK\$ in millions)				
Interest charges on:					
Bank loans and overdrafts .....	(239)	(230)	(265)	(123)	(185)
Loans from Swire Finance .....	(1,228)	(1,182)	(1,202)	(593)	(585)
Other financing costs .....	(64)	(61)	(95)	(44)	(49)
Loss on the movement in the fair value of the liability in respect of a put option in respect of a non-controlling interest in a subsidiary .....	—	—	—	(59)	(139)
Deferred into properties under development for sale .....	7	32	101	48	53
Capitalised on:					
Investment properties .....	45	157	180	75	132
Other properties .....	299	33	17	9	12
Total finance charges .....	<u>(1,180)</u>	<u>(1,251)</u>	<u>(1,264)</u>	<u>(687)</u>	<u>(761)</u>

During the Track Record Period, the interest rates on the Group's borrowings from Swire Finance reflected the interest rates, margin and the Company's proportionate share of any fees and hedging costs/savings in respect of Swire Finance's (direct or indirect) borrowings from third parties, which were on the basis of a combination of floating and fixed rates. Other borrowings of the Group were on a floating rate basis.

### Finance income

Finance income consisted mainly of interest income on short-term deposits and bank balances and on loans to jointly controlled companies (and, in 2009 and subsequent periods, the fair value gain referred to in the table below). Interest income is recognised on a time-proportion basis using the effective interest method.



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## FINANCIAL INFORMATION

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The following table illustrates our finance income during the Track Record Period:

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	(unaudited)				
	(HK\$ in millions)				
Interest income on:					
Short-term deposits and bank balances .....	24	6	9	5	4
Loans to jointly controlled companies .....	34	27	3	1	4
Others .....	5	1	3	1	2
Gain on the recognition of, and the movement in the fair value of the liability in respect of, a put option in respect of a non-controlling interest in a subsidiary .....	—	107	12	—	—
Total finance income .....	63	141	27	7	10

### Share of profits less losses of jointly controlled companies and associated companies

Jointly controlled companies are those companies held for the long-term, over which the Group is in a position to exercise joint control with other venturers in accordance with contractual arrangements, and where none of the participating parties has unilateral control over the economic activity of the joint venture.

Associated companies are those companies over which the Group has significant influence, but not control or joint control, over its management, including participation in financial and operating policy decisions generally accompanying a shareholding conferring between 20% and 50% of the voting rights.

For a list of our principal associated and jointly controlled companies, please refer to Note 45 to the Accountant's Report in Appendix I to this listing document.

The Group's share of its jointly controlled and associated companies' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

### Taxation

Our taxation during the Track Record Period primarily comprised Hong Kong profits tax and, to a lesser extent, PRC corporate income tax, U.K. tax and U.S. tax.

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## FINANCIAL INFORMATION

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The following table illustrates our tax charge during the Track Record Period:

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	(unaudited)				
	(HK\$ in millions)				
Current taxation:					
Hong Kong profits tax .....	(347)	(394)	(651)	(378)	(300)
Overseas taxation .....	8	14	(7)	(2)	(7)
Over/(under) provisions in prior years/periods .....	4	70	(6)	13	—
	(335)	(310)	(664)	(367)	(307)
Deferred taxation:					
Changes in fair value of investment properties .....	(413)	(718)	(384)	(242)	(227)
Origination and reversal of temporary differences .....	(313)	(266)	(276)	(78)	(109)
Effect of changes in tax rates .....	100	—	—	—	—
Tax provision on impaired losses ..	—	69	—	—	—
	(626)	(915)	(660)	(320)	(336)
Tax charge.....	(961)	(1,225)	(1,324)	(687)	(643)

Hong Kong profits tax was calculated at 16.5% on the estimated assessable profits during the Track Record Period. Overseas tax is calculated at tax rates applicable in the jurisdictions in which we are assessable for tax.

## FINANCIAL INFORMATION

The tax charge on our profit before taxation differs from the theoretical amount that would arise using the Hong Kong profits tax rate applicable to us as follows:

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	(unaudited)				
	(HK\$ in millions)				
Profit before taxation .....	4,461	18,578	27,418	8,502	20,712
Calculated at a tax rate of 16.5% .....	(736)	(3,065)	(4,524)	(1,403)	(3,417)
Share of profits less losses of jointly controlled and associated companies .....	29	31	278	178	128
Effect of different tax rates in other jurisdictions .....	(139)	(162)	(106)	(50)	(45)
Effect of change in Hong Kong tax rate .....	100	—	—	—	—
Income not subject to tax .....	111	2,002	3,158	633	2,749
Expenses not deductible for tax purposes .....	(319)	(97)	(31)	(59)	(7)
Unused tax losses not recognised .....	(12)	(37)	(31)	(29)	(79)
Utilisation of previously unrecognised tax losses .....	32	54	34	41	39
Deferred tax assets written off .....	(18)	—	(96)	—	(8)
Over/(under) provisions in prior years/periods .....	4	70	(6)	13	—
Recognition of previously unrecognised temporary differences .....	—	—	1	—	—
Others .....	(13)	(21)	(1)	(11)	(3)
Tax charge .....	<u>(961)</u>	<u>(1,225)</u>	<u>(1,324)</u>	<u>(687)</u>	<u>(643)</u>

The share of our jointly controlled companies' tax charge was HK\$54 million, HK\$73 million, HK\$436 million, HK\$296 million and HK\$60 million for the years ended 31st December 2008, 2009 and 2010, and for the six months ended 30th June 2010 and 2011, respectively. The share of associated companies' tax charges was HK\$30 million, HK\$24 million, HK\$34 million, HK\$14 million and HK\$14 million for the years ended 31st December 2008, 2009 and 2010, and for the six months ended 30th June 2010 and 2011, respectively. Such amounts were included in share of profits less losses of jointly controlled and associated companies shown in our consolidated income statement.

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## FINANCIAL INFORMATION

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### Non-controlling interests

Non-controlling interests represent the interests of non-controlling equity holders in our subsidiaries. The following table sets forth the non-controlling interests as at the end of the periods specified:

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	(unaudited)				
	(HK\$ in millions)				
At 1st January .....	800	1,068	424	424	479
Capital contribution from a non-controlling shareholder .....	10	13	11	11	—
Share of profits less losses for the period .....	232	96	49	23	46
Dividends paid and payable .....	(7)	(2)	(8)	—	(4)
Recognition of a put option in respect of a non-controlling interest in an existing subsidiary ..	—	(751)	—	—	—
Translation differences .....	33	—	3	—	1
At 31st December/30th June .....	1,068	424	479	458	522

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### RESULTS OF OPERATIONS

The following table summarises our consolidated results in absolute terms and as a percentage of turnover for the periods indicated:

	Year ended 31st December						Six months ended 30th June			
	2008		2009		2010		2010		2011	
	HK\$	%	HK\$	%	HK\$	%	HK\$	%	HK\$	%
	(unaudited)									
	(in millions, except percentages)									
Turnover .....	7,946	100.0	8,331	100.0	8,871	100.0	4,209	100.0	4,665	100.0
Cost of sales .....	(2,125)	(26.7)	(2,228)	(26.7)	(2,261)	(25.5)	(955)	(22.7)	(1,088)	(23.3)
Gross profit .....	5,821	73.3	6,103	73.3	6,610	74.5	3,254	77.3	3,577	76.7
Administrative expenses ..	(685)	(8.6)	(768)	(9.2)	(911)	(10.3)	(477)	(11.3)	(407)	(8.7)
Other operating expenses	(101)	(1.3)	(108)	(1.3)	(135)	(1.5)	(72)	(1.7)	(65)	(1.4)
Other net gains .....	56	0.7	164	2.0	924	10.4	548	13.0	26	0.6
Change in fair value of investment properties ..	358	4.5	14,407	172.9	20,480	230.9	4,855	115.3	17,553	376.3
Impairment (losses)/ reversal on hotel properties and trading properties .....	(78)	(1.0)	(296)	(3.6)	1	0.0	—	—	2	0.0
Operating profit .....	5,371	67.6	19,502	234.1	26,969	304.0	8,108	192.6	20,686	443.5
Finance charges .....	(1,180)	(14.9)	(1,251)	(15.0)	(1,264)	(14.2)	(687)	(16.3)	(761)	(16.3)
Finance income .....	63	0.8	141	1.7	27	0.3	7	0.2	10	0.2
Net finance charges .....	(1,117)	(14.1)	(1,110)	(13.3)	(1,237)	(13.9)	(680)	(16.1)	(751)	(16.1)
Share of profits less losses of jointly controlled companies ..	76	1.0	12	0.1	1,461	16.5	994	23.6	706	15.1
Share of profits less losses of associated companies .....	131	1.6	174	2.1	225	2.5	80	1.9	71	1.5
Profit before taxation .....	4,461	56.1	18,578	223.0	27,418	309.1	8,502	202.0	20,712	444.0
Taxation .....	(961)	(12.1)	(1,225)	(14.7)	(1,324)	(14.9)	(687)	(16.3)	(643)	(13.8)
Profit for the period .....	<u>3,500</u>	<u>44.0</u>	<u>17,353</u>	<u>208.3</u>	<u>26,094</u>	<u>294.2</u>	<u>7,815</u>	<u>185.7</u>	<u>20,069</u>	<u>430.2</u>
Attributable to:										
The Company's shareholder .....	3,268	41.1	17,257	207.1	26,045	293.6	7,792	185.2	20,023	429.2
Non-controlling interests ..	232	2.9	96	1.2	49	0.6	23	0.5	46	1.0
	<u>3,500</u>	<u>44.0</u>	<u>17,353</u>	<u>208.3</u>	<u>26,094</u>	<u>294.2</u>	<u>7,815</u>	<u>185.7</u>	<u>20,069</u>	<u>430.2</u>
Dividends .....	<u>2,966</u>	<u>37.3</u>	<u>25.0</u>	<u>0.3</u>	<u>2,426</u>	<u>27.3</u>	<u>1.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

## FINANCIAL INFORMATION

Additional information is provided below to reconcile reported and underlying profit attributable to the Shareholder. These reconciling items principally adjust for the impact of HKAS 40 on investment properties and amended HKAS 12 on deferred taxation. There is a further adjustment to remove the effect of the recognition of, and the movement in the fair value of the liability in respect of, a put option in favour of the owner of a non-controlling interest in Sanlitun Village.

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	(unaudited)				
	(HK\$ millions)				
Profit attributable to the Shareholder per accounts .....	3,268	17,257	26,045	7,792	20,023
Revaluation movement shown in income statement .....	(358)	(14,407)	(20,480)	(4,855)	(17,553)
Revaluation movements included in share of profits of jointly controlled companies and associated companies .....	(57)	(101)	(1,893)	(1,261)	(614)
Total revaluation movement .....	(415)	(14,508)	(22,373)	(6,116)	(18,167)
Deferred tax on revaluation movements <sup>(1)</sup> .....	505	819	853	555	306
Deferred tax written back on change in tax rate .....	(43)	—	—	—	—
Realised profit on sale of investment properties .....	—	32	211	161	—
Depreciation of investment properties occupied by the Group .	8	8	16	7	10
Non-controlling interests' share of revaluation less deferred tax .....	235	88	42	19	43
Impairment of hotel held as part of a mixed use development .....	—	137	—	—	—
Recognition of, and movement in the fair value of, the interest in Sanlitun Village <sup>(2)</sup> .....	—	(107)	(12)	59	139
Underlying profit attributable to the Shareholder .....	3,558	3,726	4,782	2,477	2,354

Notes:

- (1) Including share of deferred tax of jointly controlled and associated companies.
- (2) The value of the put option in favour of the owner of a non-controlling interest in Sanlitun Village is calculated principally by reference to the estimated fair value of the portions of the Sanlitun Village investment property in which our minority partner is interested. This option did not have an impact on reported profit until 2009.

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## FINANCIAL INFORMATION

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### Six months ended 30th June 2011 compared to six months ended 30th June 2010

#### *Turnover*

Turnover increased by HK\$456 million, or 10.8%, to HK\$4,665 million in the six months ended 30th June 2011 from HK\$4,209 million in the same period in 2010. The increase in turnover was primarily due to an increase in gross rental income from investment properties, including Hong Kong office and retail properties and PRC retail properties, an increase in turnover from hotels, and an increase in turnover from property trading. Gross rental income from investment properties increased by HK\$274 million, or 7.0%, to HK\$4,176 million in the six months ended 30th June 2011 from HK\$3,902 million in the six months ended 30th June 2010, primarily due to improved rental performances of The Mall at Pacific Place, One, Two and Three Pacific Place, One Island East and Cityplaza shopping centre, and generally positive rental reversions at our Hong Kong investment properties. The performance of Sanlitun Village in the PRC was better in the first half of 2011 than the same period in 2010. The increase in turnover from hotels was primarily due to better performance of The Upper House and EAST, Hong Kong, with the latter operating for the full six months in the first half of 2011 after opening in late January 2010. The increase in turnover from property trading was due to higher sales of the remaining units at ASIA in Miami against the same period in 2010.

#### *Offices*

Gross rental income from offices increased by HK\$97 million, or 4.6%, to HK\$2,218 million in the six months ended 30th June 2011 from HK\$2,121 million in the same period in 2010, primarily due to better rental performance of One, Two and Three Pacific Place and One Island East, and to positive rental reversions in the rest of the portfolio during the year. Demand in the Hong Kong office market remained strong in the first half of 2011.

#### *Hong Kong retail*

Gross rental income from our retail portfolio in Hong Kong increased by HK\$113 million, or 7.7%, to HK\$1,578 million in the six months ended 30th June 2011 from HK\$1,465 million in the same period in 2010, primarily due to increased base and turnover rents from The Mall at Pacific Place with smaller contributions from Cityplaza and Festival Walk. Strong demand for retail space in the first half of 2011 was underpinned by robust retail sales.

#### *PRC retail*

Gross rental income from our retail portfolio in the PRC increased by HK\$56 million, or 32.6%, to HK\$228 million in the six months ended 30th June 2011 from HK\$172 million in the same period in 2010 due to better rental performance of Village South and Village North at Sanlitun Village in the first half of 2011 than that in the same period in 2010.

#### *Residential*

Gross rental income from our residential portfolio increased by HK\$8 million, or 5.6%, to HK\$152 million in the first half of 2011 from HK\$144 million in the same period in 2010, due to higher rental rates at Pacific Place Apartments.

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## FINANCIAL INFORMATION

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### *Property trading*

Turnover from property trading increased by HK\$47 million, or 90.4%, to HK\$99 million in the six months ended 30th June 2011 from HK\$52 million in the same period in 2010. Sales of seven of the remaining units at Island Lodge in the first half of 2011 accounted for HK\$38 million turnover (representing reimbursement of costs and development fees earned pursuant to a development agreement between the Company and a subsidiary of China Motor Bus Company Limited), which was HK\$7 million higher than the turnover from sales of units from Island Lodge in the same period in 2010 when five units were sold. The sales of five of the remaining units at ASIA in Miami accounted for HK\$60 million turnover in the first half of 2011, which was HK\$42 million more than the same period in 2010 when one unit was sold.

### *Hotels*

The turnover of our hotels increased by HK\$128 million, or 59.5%, to HK\$343 million in the six months ended 30th June 2011 from HK\$215 million in the same period in 2010, primarily due to strong performance of the managed portfolio of The Upper House and EAST, Hong Kong, with a combined turnover of HK\$220 million, which was HK\$84 million higher than that in the same period in 2010, underpinned by strong demand with EAST, Hong Kong operating for the full six months in first half of 2011, against five months in the first half of 2010. The Opposite House accounted for HK\$71 million in turnover in the first half of 2011, HK\$25 million higher than the same period in 2010 as the hotel market in Beijing grew robustly. Our U.K. hotels accounted for HK\$52 million in turnover in the first half of 2011, HK\$19 million higher than the same period in 2010, due to a combination of better trading conditions and the re-opening of The Montpellier Chapter, Cheltenham (formerly called Hotel Kandinsky, Cheltenham) in November 2010 after extensive refurbishments. The Magdalen Chapter, Exeter (formerly called Hotel Barcelona, Exeter) remained closed in the first half of 2011 for refurbishments.

### *Cost of sales*

Our cost of sales increased by HK\$133 million, or 13.9%, to HK\$1,088 million in the six months ended 30th June 2011 from HK\$955 million in the six months ended 30th June 2010. Rental outgoings increased by 7.7% to HK\$701 million primarily due to pre-opening expenses at TaiKoo Hui. Our cost of sales in respect of trading properties increased by HK\$36 million, or 97.3%, to HK\$73 million from the same period in 2010, due to higher sales of residential units at ASIA in Miami and Island Lodge. Our cost of sales in respect of hotels increased by 17.1% to HK\$294 million, primarily due to higher occupancy at The Upper House and EAST, Hong Kong than the same period in 2010, and the fact that EAST, Hong Kong was in operation for the full six months in the first half of 2011, against five months in the first half of 2010.

### *Administrative expenses*

Our administrative expenses decreased by HK\$70 million, or 14.7%, to HK\$407 million in the six months ended 30th June 2011 from HK\$477 million in the six months ended 30th June 2010. The decrease was primarily due to non-recurring expenses related to the proposed listing in 2010 and the relocation of our head office from Pacific Place to One Island East in the first half of 2010. This was partially offset by higher staff costs in the first half of 2011, in part to support expansion in the PRC.



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### *Other operating expenses*

Our other operating expenses decreased by HK\$7 million, or 9.7%, to HK\$65 million in the six months ended 30th June 2011 from HK\$72 million in the six months ended 30th June 2010 due to a decrease in the service fees we paid to JSSHK under the Services Agreement.

### *Other net gains*

Our other net gains decreased by HK\$522 million to HK\$26 million in the six months ended 30th June 2011 from HK\$548 million in the six months ended 30th June 2010, principally attributable to a non-recurring profit of HK\$544 million from the sale of investment properties, primarily referable to 6-16 Peel Rise, The Peak in Hong Kong in the first half of 2010.

### *Change in the fair value of the investment properties*

Fair value gains on our investment properties (excluding the effect of PRC deferred tax) increased by HK\$12,698 million to HK\$17,553 million in the six months ended 30th June 2011 from HK\$4,855 million in the six months ended 30th June 2010. There was a fair value gain of HK\$15,866 million on completed investment properties, which consisted of a fair value gain on Hong Kong investment properties of HK\$15,486 million, reflecting primarily generally lower capitalisation rates and generally higher rental income, and a fair value gain of HK\$380 million on the PRC portfolio held by subsidiaries of the Company, largely from Sanlitun Village. There was a fair value gain of HK\$1,687 million on investment properties under development or held for future development which consisted of a fair value gain of HK\$528 million on the TaiKoo Hui development and a fair value gain of HK\$1,159 million in Hong Kong.

### *Impairment losses*

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The small impairment reversal of HK\$2 million in the first half of 2011 related to trading properties in our U.S. portfolio. There were no impairment losses in the first half of 2010.

### *Finance charges*

Our finance charges increased by HK\$74 million, or 10.8%, to HK\$761 million in the six months ended 30th June 2011 from HK\$687 million in the six months ended 30th June 2010. The increase principally reflected the HK\$80 million adverse movement in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest in Sanlitun Village, and higher finance charges at Sanlitun Village due to higher interest rates in the PRC, partially offset by lower finance charges in Hong Kong as a higher level of interest was capitalised (as opposed to charged) at certain properties as development works commenced at these sites in the first half of 2011.

### *Finance income*

Our finance income increased by HK\$3 million to HK\$10 million in the six months ended 30th June 2011 from HK\$7 million in the six months ended 30th June 2010 because of higher interest income on loans to jointly controlled companies.

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## FINANCIAL INFORMATION

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### *Share of profits less losses of jointly controlled companies*

Our share of profits less losses of our jointly controlled companies decreased by HK\$288 million, or 29.0%, to HK\$706 million in the six months ended 30th June 2011 from HK\$994 million in the six months ended 30th June 2010. The decrease was principally due to lower fair value gains on our interests in the Dazhongli and INDIGO developments in the PRC, partially offset by rental income and fair value gains from PCCW Tower as the entity holding this property became a jointly controlled company in the second half of 2010 when we increased our equity interest in the entity from 20% to 50%, fair value gains recognised for the first time from the Daci Temple project, which was acquired in December 2010, higher rental income and fair value gains in Citygate and 625 King's Road in Hong Kong, and the reversal of a previous impairment loss in respect of an industrial site at 8-10 Wong Chuk Hang Road, Aberdeen.

### *Share of profits less losses of associated companies*

Our share of profits less losses of our associated companies decreased by HK\$9 million, or 11.3%, to HK\$71 million in the six months ended 30th June 2011 from HK\$80 million in the six months ended 30th June 2010, primarily due to the absence of rental income and fair value gains from PCCW Tower as the entity holding this property became a jointly controlled company in the second half of 2010 following changes in our ownership in the entity, partially offset by higher profits from the three Pacific Place Hotels.

### *Taxation*

Our tax expenses were HK\$643 million in the six months ended 30th June 2011 compared with tax expenses of HK\$687 million in the six months ended 30th June 2010. The lower tax expenses reflected lower taxable profit in the first half of 2011 against the first half of 2010.

### *Non-controlling interests*

Our profit attributable to non-controlling interests was HK\$46 million for the six months ended 30th June 2011 as compared to a profit attributable to non-controlling interests of HK\$23 million for the six months ended 30th June 2010. The increase principally reflected the higher revaluation gains at Island Place, partially offset by lower revaluation gains at TaiKoo Hui, in each case attributable to non-controlling interests.

### *Profit attributable to the Company's Shareholder*

As a result of the foregoing, our profit attributable to the Company's shareholder increased by HK\$12,231 million to HK\$20,023 million for the six months ended 30th June 2011 from HK\$7,792 million for the six months ended 30th June 2010.

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### 2010 compared to 2009

#### *Turnover*

Turnover increased by HK\$540 million, or 6.5%, to HK\$8,871 million in the year ended 31st December 2010 from HK\$8,331 million in the year ended 31st December 2009. The increase in turnover was primarily due to an increase in gross rental income from investment properties, including Hong Kong office and retail properties and PRC retail properties, and an increase in turnover from hotels, partially offset by a decrease in turnover from property trading. Gross rental income from investment properties increased by HK\$442 million, or 5.9%, to HK\$7,875 million in the year ended 31st December 2010 from HK\$7,433 million in the year ended 31st December 2009 primarily due to improved rental performances of The Mall at Pacific Place and One, Two and Three Pacific Place, One Island East, and generally positive rental reversions at our Hong Kong investment properties. The performance of Village South improved in 2010 and Village North was progressively opened during the year. The increase in turnover from hotels was due to the opening of EAST, Hong Kong in 2010 and the first full year operation of The Upper House. The decrease in turnover from property trading was due to lower sales of the remaining units at Island Lodge and ASIA in Miami, partially offset by the sales of residential units at 5 Star Street.

#### *Offices*

Gross rental income from offices increased by HK\$116 million, or 2.8%, to HK\$4,222 million in the year ended 31st December 2010, primarily due to positive rental reversions at the One, Two and Three Pacific Place, higher occupancy and positive rental reversions at One Island East and positive rental reversions in the rest of the portfolio during the year. Demand in the Hong Kong office market continued to strengthen in 2010.

#### *Hong Kong retail*

Gross rental income from our retail portfolio in Hong Kong increased by HK\$211 million, or 7.5%, to HK\$3,013 million in the year ended 31st December 2010, primarily due to increased base and turnover rents from The Mall at Pacific Place and also positive rental reversions at Cityplaza and Festival Walk. Demand for retail space in 2010 remained strong as a result of the economic recovery.

#### *PRC retail*

Gross rental income from our retail portfolio in the PRC increased by HK\$86 million, or 33.3%, to HK\$344 million in the year ended 31st December 2010, primarily due to the fact that Village North was progressively opened during the year and that performance of Village South improved in 2010.

#### *Residential*

Gross rental income from our residential portfolio increased by HK\$29 million, or 10.9%, to HK\$296 million in 2010, primarily due to higher occupancy and rental rates at Pacific Place Apartments as the economy recovered in 2010.

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## FINANCIAL INFORMATION

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### *Property trading*

Turnover from property trading decreased by HK\$243 million, or 37.8%, to HK\$400 million in the year ended 31st December 2010. Sales of nine of the remaining units at Island Lodge accounted for HK\$67 million turnover (representing reimbursement of costs and development fees earned) in 2010, which was HK\$437 million less than turnover from sales of units at Island Lodge in 2009 when 168 units were accounted for, of which 74 units were sold in the year and 94 units were pre-sold prior to 2009. Sales of three of the remaining units at ASIA in Miami accounted for HK\$49 million turnover in 2010, HK\$90 million less than 2009 when 12 units were sold. This was partially offset by sales of 22 units at 5 Star Street, which accounted for HK\$281 million in turnover in 2010.

### *Hotels*

The turnover of our hotels increased by HK\$346 million, or trebled, to HK\$518 million in the year ended 31st December 2010, primarily due to strong performance of the managed portfolio of The Upper House and EAST, Hong Kong, with a combined turnover of HK\$342 million in 2010, which was HK\$305 million higher than that in 2009, as The Upper House operated for its first full year in 2010, and EAST, Hong Kong opened in late January 2010. The Opposite House accounted for HK\$102 million in turnover in 2010, HK\$40 million higher than 2009 as the hotel market in Beijing gradually recovered. Turnover at the U.K. hotels rose from HK\$73 million in 2009 to HK\$74 million in 2010. The Montpellier Chapter, Cheltenham (formerly called Hotel Kandinsky, Cheltenham) re-opened in November 2010 while The Magdalen Chapter, Exeter (formerly called Hotel Barcelona, Exeter) was closed for the entire year undergoing extensive refurbishment.

### *Cost of sales*

Our cost of sales increased by HK\$33 million, or 1.5%, to HK\$2,261 million in the year ended 31st December 2010 from HK\$2,228 million in the year ended 31st December 2009. Rental outgoings increased by 4.3% to HK\$1,422 million primarily due to the fact that Village North was progressively opened during the year and to a smaller extent, higher pre-opening expenses at TaiKoo Hui. Our cost of sales in respect of property trading decreased by 46.5% to HK\$267 million due to lower sales of residential units at ASIA in Miami and Island Lodge in Hong Kong, partially offset by sales of residential units at 5 Star Street. Our cost of sales in respect of hotels increased by 63.6% to HK\$543 million, primarily due to the pre-opening and operating expenses incurred at EAST, Hong Kong which opened in January 2010, and the fact that The Upper House was in operation for its first full year.

### *Administrative expenses*

Our administrative expenses increased by HK\$143 million, or 18.6%, to HK\$911 million in the year ended 31st December 2010 from HK\$768 million in the year ended 31st December 2009. The increase was primarily due to non-recurring expenses related to the proposed listing in 2010 and the relocation of our head office from Pacific Place to One Island East. Staff costs increased in part to support expansion in the PRC, while depreciation expenses also increased in Hong Kong, reflecting the opening of EAST, Hong Kong at the beginning of the year and the fact that The Upper House was in operation for its first full year, as well as depreciation of fit-outs at the newly relocated head office.

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### *Other operating expenses*

Our other operating expenses increased by HK\$27 million, or 25.0%, to HK\$135 million in the year ended 31st December 2010 from HK\$108 million in the year ended 31st December 2009 due to an increase in the service fees we paid to JSSHK under the Services Agreement, reflecting the increase in our profits in 2010.

### *Other net gains*

Our other net gains increased by HK\$760 million to HK\$924 million in the year ended 31st December 2010 from HK\$164 million in the year ended 31st December 2009. The increase was principally attributable to a profit of HK\$544 million from the sale of investment properties, principally referable to 6-16 Peel Rise, The Peak in Hong Kong, and a remeasurement and disposal gain of HK\$342 million relating to the changes of the Group's shareholdings in the entity holding PCCW Tower.

### *Change in the fair value of the investment properties*

Fair value gains on our investment properties before PRC deferred tax increased by HK\$6,073 million to HK\$20,480 million in the year ended 31st December 2010 from HK\$14,407 million in the year ended 31st December 2009. There was a fair value gain of HK\$18,605 million on completed investment properties, which consisted of a fair value gain on Hong Kong investment properties of HK\$18,317 million, reflecting generally lower capitalisation rates and generally higher rental income, and a fair value gain of HK\$288 million on the PRC portfolio held by subsidiaries of the Company, largely from Sanlitun Village. There was a fair value gain of HK\$1,875 million on investment properties under development or held for future development, which consisted primarily of a fair value gain of HK\$1,247 million on the TaiKoo Hui development and a fair value gain of HK\$628 million in Hong Kong.

### *Impairment losses*

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The small impairment reversal of HK\$1 million in 2010 related to trading properties in our U.S. portfolio. The impairment losses were HK\$296 million in the year ended 31st December 2009.

### *Finance charges*

Our finance charges increased by HK\$13 million, or 1.0%, to HK\$1,264 million in the year ended 31st December 2010 from HK\$1,251 million in the year ended 31st December 2009. The increase principally reflected slightly higher interest rates in 2010 and the fact that financing for EAST, Hong Kong following its completion at the beginning of the year, was charged (as opposed to capitalised), and that financing for The Upper House and Village North was charged (as opposed to capitalised) for the full year. This was partially offset by the capitalisation of interest on the financing for certain properties under development in Hong Kong as development works commenced.

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### *Finance income*

Our finance income decreased by HK\$114 million, or 80.9%, to HK\$27 million in the year ended 31st December 2010 from HK\$141 million in the year ended 31st December 2009. The decrease principally reflected the fact that the gain from the movement in the fair value of the liability in respect of a put option in favour of the owner of a non-controlling interest in Sanlitun Village was reduced by HK\$95 million, and reduced interest earnings on shareholder loans from jointly controlled companies, partially offset by higher interest income on short-term deposits and bank balances.

### *Share of profits less losses of jointly controlled companies*

Our share of profits less losses of our jointly controlled companies increased by HK\$1,449 million to HK\$1,461 million in the year ended 31st December 2010 from HK\$12 million in the year ended 31st December 2009. The increase was principally due to fair value gains on our interests in the Dazhongli and INDIGO developments in the PRC, higher rental income and fair value gains from Citygate in Hong Kong, rental income and fair value gains from PCCW Tower as the entity holding this property became a jointly controlled company in the second half of 2010 following changes in our ownership in the entity, and the partial reversal of a previous impairment loss in respect of an industrial site at 8-10 Wong Chuk Hang Road, Aberdeen.

### *Share of profits less losses of associated companies*

Our share of profits less losses of our associated companies increased by HK\$51 million, or 29.3%, to HK\$225 million in the year ended 31st December 2010 from HK\$174 million in the year ended 31st December 2009, primarily due to higher profits from the three Pacific Place Hotels, partially offset by lower contribution from PCCW Tower as the entity holding this property became a jointly controlled company in the second half of 2010.

### *Taxation*

Our tax expenses were HK\$1,324 million in the year ended 31st December 2010 compared with tax expenses of HK\$1,225 million in the year ended 31st December 2009. The higher expenses were due to higher profits from investment and trading properties and hotels, a HK\$96 million reversal of deferred tax assets in the PRC and a reversal of a previous tax provision in 2009 which was not repeated in 2010.

### *Non-controlling interests*

Our profit attributable to non-controlling interests was HK\$49 million for the year ended 31st December 2010 as compared to a profit attributable to non-controlling interests of HK\$96 million for the year ended 31st December 2009. The reduction principally reflected lower revaluation profits attributable to the non-controlling interest at TaiKoo Hui, partially offset by higher revaluation profits attributable to the non-controlling interest at Island Place.

### *Profit attributable to the Company's Shareholder*

As a result of the foregoing, our profit attributable to the Company's shareholder increased by HK\$8,788 million to HK\$26,045 million for the year ended 31st December 2010.

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### 2009 compared to 2008

#### *Turnover*

Turnover increased by HK\$385 million, or 4.8%, to HK\$8,331 million in the year ended 31st December 2009 from HK\$7,946 million in the year ended 31st December 2008. The increase in turnover was primarily due to increases in gross rental income from investment properties, including Hong Kong office and retail properties. Turnover from property trading decreased by HK\$246 million due to lower contribution from the sale of residential units at ASIA in Miami, partially offset by contribution from sales of units at Island Lodge in Hong Kong. Gross rental income from investment properties increased by HK\$605 million, or 8.9%, to HK\$7,433 million in the year ended 31st December 2009 from HK\$6,828 million in the year ended 31st December 2008 primarily due to the fact that One Island East and Village South were in operation for their first full year and to generally positive rental reversions at our Hong Kong investment properties.

#### *Offices*

Gross rental income from offices increased by HK\$479 million, or 13.2%, to HK\$4,106 million in the year ended 31st December 2009, primarily due to the fact that One Island East was in operation for its first full year and to positive rental reversions during the year, partially offset by a small decrease in rental income resulting from the closure of 28 Hennessy Road for redevelopment. Demand in the Hong Kong office market weakened in the first half of 2009 but recovered noticeably in the second half.

#### *Hong Kong Retail*

Gross rental income from our retail portfolio in Hong Kong increased by HK\$73 million, or 2.7%, to HK\$2,802 million in the year ended 31st December 2009, primarily due to positive rental reversions. Retail rents came under pressure early in 2009, but rental reversions remained largely positive.

#### *PRC Retail*

Gross rental income from our retail portfolio in the PRC increased by HK\$77 million, or 42.5%, to HK\$258 million in the year ended 31st December 2009, primarily due to the fact that Village South was in operation for its first full year.

#### *Residential*

Gross rental income from our residential portfolio decreased by HK\$24 million, or 8.2%, to HK\$267 million in 2009, primarily due to lower occupancy and rental rate discounts at Pacific Place Apartments in the difficult economic conditions. Demand for serviced apartments recovered strongly in the second half of 2009.

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### *Property Trading*

The sales of units at Island Lodge accounted for the HK\$504 million turnover (representing reimbursement of costs and development fees earned) from our property trading business in 2009, with no corresponding sales in 2008. The turnover from the sale of residential units at ASIA in Miami decreased by HK\$750 million, or 84.4%, to HK\$139 million in 2009 as only 12 of the 123 units were sold in 2009 against 67 sold in 2008.

### *Hotels*

The turnover of our hotels increased by HK\$16 million, or 10.3%, to HK\$172 million in the year ended 31st December 2009, primarily due to the fact that The Opposite House was in operation for its first full year and to the opening of The Upper House in October 2009, partially offset by the closure of two of the U.K. hotels for refurbishment and lower rates at the other two hotels in the U.K. and a decrease in the average daily rate of The Opposite House. Hotel interests suffered from difficult market conditions in 2009. As a consequence of the global financial crisis, hotel occupancy levels and room rates experienced downward pressure, particularly in the first half of 2009. Luxury hotels in Beijing experienced pressure on occupancy levels and room rates in 2009 due to an over-supply of hotels and reduced domestic and international travel. Occupancy levels at our hotels in Bristol and Brighton, U.K. held up amid weak economic conditions.

### *Cost of sales*

Our cost of sales increased by HK\$103 million, or 4.8%, to HK\$2,228 million in the year ended 31st December 2009 from HK\$2,125 million in the year ended 31st December 2008. Rental outgoings increased by 9.7% to HK\$1,363 million primarily due to the fact that One Island East and Village South were in operation for their first full year. Our cost of sales in respect of trading properties decreased by 23.0% to HK\$499 million as lower sales at ASIA in Miami were partially offset by sales at Island Lodge. Our cost of sales in respect of hotels increased by 66% to HK\$332 million, primarily due to the pre-opening expenses incurred at The Upper House, which opened in October 2009, and at EAST, Hong Kong, which opened in January 2010, and to the fact that The Opposite House was in operation for its first full year.

### *Administrative expenses*

Our administrative expenses increased by HK\$83 million, or 12.1%, to HK\$768 million in the year ended 31st December 2009 from HK\$685 million in the year ended 31st December 2008. The increase was primarily due to higher staff costs (incurred in part to support expansion in the PRC) and higher depreciation expenses in Hong Kong and the PRC (reflecting the opening of The Upper House and the fact that the One Island East management office and The Opposite House were in operation for their first full year), partially offset by lower depreciation expenses in the U.K. (reflecting the closure of two hotels for refurbishment) and lower feasibility study and legal expenses.

### *Other operating expenses*

Our other operating expenses increased by HK\$7 million, or 6.9%, to HK\$108 million in the year ended 31st December 2009 from HK\$101 million in the year ended 31st December 2008 due to an increase in the service fees we paid to JSSHK under the Services Agreement, reflecting the increase in our profits in 2009.



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### *Other net gains*

Our other net gains increased by HK\$108 million to HK\$164 million in the year ended 31st December 2009 from HK\$56 million in the year ended 31st December 2008. The increase was principally due to a HK\$131 million profit from the sale of properties (primarily the sale of 36A Island Road, Hong Kong) in 2009.

### *Change in the fair value of the investment properties*

Fair value gains on our investment properties increased by HK\$14,049 million to HK\$14,407 million in the year ended 31st December 2009 from HK\$358 million in the year ended 31st December 2008. There was a fair value gain of HK\$10,426 million on completed investment properties, which consisted of a fair value gain on Hong Kong investment properties of HK\$11,530 million (principally reflecting a general reduction in capitalisation rates) and a fair value loss of HK\$1,104 million on Sanlitun Village. There was a fair value gain of HK\$3,981 million on investment properties under development, which consisted of a fair value gain of HK\$3,539 million on the TaiKoo Hui development and a fair value gain of HK\$442 million on Hong Kong investment properties under development. The fair value gain on the TaiKoo Hui development principally reflected a change in accounting standards which required investment properties under development to be recorded at fair market value.

### *Impairment losses*

Property, plant and equipment is reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Directors consider that a number of hotels in the PRC and the U.K. were impaired at 31st December 2009 as a result of the condition of the hotel property market in these locations at that time. The carrying amount of these hotels has been written down by HK\$267 million to their recoverable amount, which is the fair value less costs to sell. Our trading properties in the U.S. also experienced impairment losses of HK\$78 million and HK\$29 million in the year ended 31st December 2008 and 31st December 2009 respectively due to a deteriorating U.S. property market.

### *Finance charges*

Our finance charges increased by HK\$71 million, or 6.0%, to HK\$1,251 million in the year ended 31st December 2009 from HK\$1,180 million in the year ended 31st December 2008. The increase principally reflected a reduction of capitalised interest, offset in part by a reduction in interest rates on our borrowings from Swire Finance. This reduction of capitalised interest reflected the fact that interest was charged (as opposed to capitalised) on the financing for One Island East, Village South and The Opposite House for their first full year and that interest was charged (as opposed to capitalised) on the financing for The Upper House following its completion during the year.

### *Finance income*

Our finance income increased by HK\$78 million to HK\$141 million in the year ended 31st December 2009 from HK\$63 million in the year ended 31st December 2008. The increase principally reflected a gain of HK\$107 million from the recognition of, and the movement in the fair value of the liability in respect of, a put option in favour of the owner of a non-controlling interest in Sanlitun Village, which was partially offset by reduced interest income on short-term deposits and bank

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balances. The recognition of the put option (which was accompanied by the derecognition of the non-controlling interest itself) reflected a change in the treatment of the contractual arrangements with the owner of the non-controlling interest.

### *Share of profits less losses of jointly controlled companies*

Our share of profits less losses of our jointly controlled companies decreased by HK\$64 million, or 84.2%, to HK\$12 million, in the year ended 31st December 2009 from HK\$76 million in the year ended 31st December 2008. Fair value losses on our interest in the INDIGO development in the PRC and the operating loss from the Mandarin Hotel in Miami (as opposed to a small operating profit in 2008) were partially offset by higher rental income from and fair value gains on our interests in the Citygate and 625 King's Road properties in Hong Kong and fair value gains on the Dazhongli development in the PRC.

### *Share of profits less losses of associated companies*

Our share of profits less losses of our associated companies increased by HK\$43 million, or 32.8%, to HK\$174 million in the year ended 31st December 2009 from HK\$131 million in the year ended 31st December 2008. Lower profits from the three Pacific Place Hotels were more than offset by higher fair value gains on and higher operating profits from our interest in the PCCW Tower property.

### *Taxation*

Our tax expenses increased by HK\$264 million to HK\$1,225 million in the year ended 31st December 2009 from HK\$961 million in the year ended 31st December 2008. This is largely due to an increase of HK\$305 million in deferred tax in respect of the net increase in fair value of investment properties in Mainland China in 2009, and a one-off tax credit of HK\$100 million enjoyed in 2008 due to a change in the Hong Kong profits tax rate from 17.5% to 16.5%, partially offset by the reversal of a previous tax provision of HK\$63 million and deferred tax credit of HK\$69 million from impairment losses on our PRC and U.K. hotels and U.S. trading properties.

### *Non-controlling interests*

Our profit attributable to non-controlling interests was HK\$96 million for the year ended 31st December 2009 as compared to a profit attributable to non-controlling interests of HK\$232 million for the year ended 31st December 2008. The reduction principally reflected the derecognition of the non-controlling interest in Sanlitun Village (which — see the paragraph headed "Finance income" above — accompanied the recognition of a put option in favour of the owner of the non-controlling interest).

### *Profit attributable to the Company's Shareholder*

As a result of the foregoing, our profit attributable to the Company's shareholder increased by HK\$13,989 million to HK\$17,257 million for the year ended 31st December 2009.

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### CERTAIN FINANCIAL POSITION ITEMS

#### *Investment properties*

Our investment properties consist of completed investment properties, land and buildings that are being held for future use as investment properties and investment properties that are being redeveloped for continuing use as investment properties. Our investment properties were valued at HK\$134,069 million, HK\$154,098 million, HK\$178,985 million and HK\$198,520 million (before associated deferred tax) as at 31st December 2008, 2009 and 2010 and 30th June 2011, respectively. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes. The following table breaks down the value of our investment properties by project as at each date indicated below.

	31st December			30th June
	2008	2009	2010	2011
	(HK\$ in millions)			
<b>Hong Kong</b>				
<i>Completed investment properties</i>				
Office				
One, Two and Three Pacific Place .....	33,547	38,002	43,940	50,143
One Island East .....	9,671	10,610	11,950	14,000
TaiKoo Place Office Towers .....	15,217	16,419	18,278	20,120
Techno-centres .....	5,236	5,681	6,526	7,166
Cityplaza One, Three and Four .....	9,440	10,205	11,389	12,553
Festival Walk Tower .....	1,286	1,453	1,542	1,639
28 Hennessy Road (formerly called Tai Sang Commercial Building) .....	1,248	—	—	—
Retail				
The Mall at Pacific Place .....	19,294	20,474	23,902	25,421
Festival Walk (retail) .....	13,535	14,395	15,745	16,754
Cityplaza (retail) .....	7,282	7,987	8,642	9,233
Island Place .....	710	719	750	823
Commercial areas in Taikoo Shing .....	2,468	2,520	2,694	2,928
StarCrest (retail area and car parks) .....	135	145	175	189
21, 23, 25, 27 and 29 Wing Fung Street, Wanchai .....	88	106	237	266
Residential				
Pacific Place Apartments .....	5,190	6,240	8,000	8,400
Rocky Bank, 6 Deep Water Bay Road .....	348	454	695	742
36 Island Road, Deep Water Bay .....	203	120	155	163
6-16 Peel Rise, The Peak .....	482	592	—	—
Other properties .....	299	368	572	603

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	31st December			30th June
	2008	2009	2010	2011
	(HK\$ in millions)			
<b><i>Investment properties under development or held for future development</i></b>				
28 Hennessy Road (formerly called Tai Sang Commercial Building) .....	—	1,230	1,379	1,661
8 Queen's Road East (formerly called Sincere Insurance Building) <sup>(1)</sup> .....	355	505	770	800
5 Star Street .....	84	123	—	—
Amalgamation Properties .....	3,673	2,812	4,432	4,987
Other properties .....	871	1,158	1,562	2,715
Less: owner occupied properties .....	(2,021)	(2,131)	(1,804)	(2,129)
<b>Total Hong Kong investment properties</b> .....	<b>128,641</b>	<b>140,187</b>	<b>161,531</b>	<b>179,177</b>
<b>PRC</b>				
<b><i>Completed investment properties</i></b>				
Residential				
Beaumonde (residential) .....	—	8	9	10
Commercial				
Village South - Retail .....	5,056	4,410	4,857	5,057
Village North - Retail .....	—	2,687	2,850	3,193
Beaumonde Retail Podium .....	394	425	452	462
<b><i>Investment properties under development or held for future development</i></b>				
TaiKoo Hui.....	—	6,406	9,238	10,539
Less: owner occupied properties .....	(107)	(108)	(122)	(124)
<b>Total PRC investment properties</b> .....	<b>5,343</b>	<b>13,828</b>	<b>17,284</b>	<b>19,137</b>
Add: initial leasing costs .....	85	83	170	206
<b>Total investment properties</b> .....	<b>134,069</b>	<b>154,098</b>	<b>178,985</b>	<b>198,520</b>

Note:

(1) Under refurbishment.

Our completed investment properties were valued at HK\$129,131 million, HK\$141,915 million, HK\$161,678 million and HK\$177,880 million as at 31st December 2008, 2009 and 2010 and 30th June 2011, respectively. The increase from 2008 to 2009 was primarily due to a fair value gain of HK\$11,530 million on completed investment properties in Hong Kong, due largely to generally lower capitalisation rates, the effect of which was partially offset by a fair value loss of HK\$1,104 million on Sanlitun Village. A net HK\$1,869 million was transferred from investment properties under development to completed investment properties. Village North was transferred from investment

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properties under development to completed investment properties upon its completion. 28 Hennessy Road (formerly called Tai Sang Commercial Building) was transferred from completed investment properties to investment properties under development upon its closure for redevelopment. Capital expenditure of HK\$582 million was incurred on completed investment properties in 2009, primarily on the Pacific Place contemporisation project and on the Beaumonde development in Guangzhou. The increase from 2009 to 2010 was due to a fair value gain of HK\$18,317 million on completed investment properties in Hong Kong, due to generally lower capitalisation rates and generally higher rent rates, and a fair value gain of HK\$285 million on Sanlitun Village. Capital expenditure of HK\$595 million was incurred on completed investment properties in 2010, primarily on the Pacific Place contemporisation project and to a lesser extent Sanlitun Village. There was a net increase of HK\$550 million to our completed investment property portfolio as we relocated our head office from One Pacific Place, previously accounted for as property, plant and equipment, to One Island East in 2010. A foreign exchange translation gain of HK\$287 million was recognised on our PRC portfolio, principally referable to Sanlitun Village. The increase is partially offset by the sale of investment properties in 2010, principally referable to 6-16 Peel Rise, The Peak. The increase from 31st December 2010 to 30th June 2011 was due to a fair value gain of HK\$15,486 million on completed investment properties in Hong Kong, primarily due to higher rent rates, and a fair value gain of HK\$383 million on Sanlitun Village. Capital expenditure of HK\$204 million was incurred on completed investment properties during this period, primarily on the Pacific Place contemporisation project and Sanlitun Village. A foreign exchange translation gain of HK\$171 million was recognised on our PRC portfolio, principally referable to Sanlitun Village.

Our investment properties under development were valued at HK\$4,938 million, HK\$12,183 million, HK\$17,307 million and HK\$20,640 million as at 31st December 2008, 2009 and 2010 and 30th June 2011, respectively. The increase in 2009 was primarily due to a change in accounting standards (which required land and buildings being developed for future use as investment properties to be classified as investment properties under development and accounted for at fair value) under which the TaiKoo Hui development and Village North of the Sanlitun Village development were transferred from property, plant and equipment to investment properties under development at the beginning of 2009. Village North was subsequently transferred from investment properties under development to completed investment properties. 28 Hennessy Road was transferred from completed investment properties to investment properties under development. There was a further fair value gain of HK\$3,981 million (HK\$3,539 million on the TaiKoo Hui development and HK\$442 million on properties in Hong Kong). Capital expenditure of HK\$2,176 million was incurred on investment properties under development, largely on the TaiKoo Hui development and on properties in Hong Kong (including 28 Hennessy Road). Certain trading properties, including ARGENTA and a portion of 33 Seymour Road, were transferred from investment properties under construction to properties under development and for sale in 2009. The increase from 2009 to 2010 was due to a fair value gain of HK\$1,247 million on the TaiKoo Hui development and HK\$628 million on properties in Hong Kong. Capital expenditures of HK\$3,988 million were incurred. Certain trading properties of HK\$897 million, including 5 Star Street and a portion of 92-102 Caine Road, were transferred from investment properties under development to properties under development and for sale in 2010. A foreign exchange translation gain of HK\$245 million was recognised on TaiKoo Hui, partly offset by disposal of certain agricultural lands in Hong Kong. The increase from 31st December 2010 to 30th June 2011 is due to a fair value gain of HK\$528 million on the TaiKoo Hui development, as it neared completion, and a fair value gain of HK\$1,159 million on properties in Hong Kong. Capital expenditure of HK\$1,441 million was incurred. A foreign exchange translation gain of HK\$193 million was recognised on TaiKoo Hui during the period.

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### *Property, plant and equipment*

As at 31st December 2008, 2009 and 2010 and 30th June 2011, we had property, plant and equipment of HK\$9,046 million and HK\$5,493 million, HK\$6,333 million and HK\$6,615 million, respectively. The decrease in 2009 was primarily due to the transfer of the Village North and the TaiKoo Hui development from property, plant and equipment to investment properties at the beginning of the year. This was partially offset by HK\$1,111 million additional capital expenditure, including on The Upper House and EAST, Hong Kong and on the hotel element of the TaiKoo Hui development. The increase in 2010 was primarily due to capital expenditure of HK\$415 million, primarily on The Upper House, EAST, Hong Kong, the hotel element of the TaiKoo Hui development and also the relocation of our head office from Pacific Place to One Island East. The increase from 31st December 2010 to 30th June 2011 was primarily due to capital expenditure of HK\$256 million on the hotel element of the TaiKoo Hui development, and to a lesser extent, on The Upper House and EAST, Hong Kong.

### *Leasehold land and land use rights*

Leasehold land and land use rights consist of our cost of acquiring rights to use and occupy the land for the purpose of developing commercial properties, less amounts transferred to administrative expenses, properties under development or assets under construction and the cost transferred to cost of sales. Our aggregate leasehold land and land use rights maintained at HK\$6 million as at 31st December 2008, 2009 and 2010 and 30th June 2011, respectively. The figure reflected the carrying value of the land component of our hotel in Brighton in the U.K..

### *Associated companies*

Our investments in associated companies are accounted for by the equity method of accounting. Our investments in associated companies were HK\$901 million, HK\$1,045 million, HK\$705 million and HK\$737 million as at 31st December 2008, 2009 and 2010 and 30th June 2011, respectively. The increase in 2009 primarily reflected operating profits from the three Pacific Place Hotels and operating profits and fair value gains from PCCW Tower. The fall in 2010 was due to the fact that the entity holding PCCW Tower became a jointly controlled company in 2010 as we increased our equity interest from 20% to 50%, partially offset by operating profits from the three Pacific Place Hotels. The increase from 31st December 2010 to 30th June 2011 was due to operating profits from the three Pacific Place Hotels.

### *Jointly controlled companies*

Our investments in jointly controlled companies are accounted for by the equity method of accounting. Our investments in jointly controlled companies were HK\$6,735 million, HK\$7,030 million, HK\$10,940 million and HK\$11,993 million as at 31st December 2008, 2009 and 2010 and 30th June 2011, respectively. The increase in 2009 was due to our share of operating profits from and fair value gains on the Citygate and 625 King's Road properties in Hong Kong, investments in the INDIGO development and a fair value gain on the Dazhongli development, partially offset by a fair value loss on the INDIGO development. The increase in 2010 was primarily due to the entity holding PCCW Tower becoming a jointly controlled company, the acquisition of the Daci Temple development at Chengdu and fair value gains at the Dazhongli development and the INDIGO development and, to a lesser extent, our share of operating profits from and fair value gains on Citygate in Hong Kong and the acquisition of our 50% equity interest in the 148 Argyle Street development. The increase from

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31st December 2010 to 30th June 2011 was due to our share of operating profits from and fair value gains on PCCW Tower, Citygate and 625 King's Road in Hong Kong, fair value gains at the Daci Temple development and the Dazhongli development, partially offset by fair value loss at the INDIGO development in the PRC.

### *Properties held for development*

Properties held for development comprise freehold land less provision for possible losses for trading properties where the relevant development schemes have not been finalised. As at 31st December 2008, 2009 and 2010 and 30th June 2011, our properties held for development amounted to approximately HK\$471 million, HK\$441 million, HK\$443 million and HK\$659 million, respectively. The decrease in 2009 was due to impairment of the Fort Lauderdale site in Florida in the U.S. The small increase in 2010 was due to a small partial reversal of impairment loss at the same site. The increase from 31st December 2010 to 30th June 2011 was due to the acquisition of two pieces of land adjacent to the Brickell CitiCentre site.

### *Properties under development and for sale*

Properties under development and for sale comprise leasehold land, construction costs and interest costs capitalised, less provision for possible losses. As at 31st December 2008, 2009 and 2010 and 30th June 2011, our properties under development and for sale amounted to approximately HK\$2,153 million, HK\$3,310 million, HK\$5,554 million, and HK\$5,733 million, respectively. The increase in 2009 was primarily due to the transfer of ARGENTA and a portion of 33 Seymour Road from investment properties to properties for sale upon our change of intention for the use of those properties. The increase in 2010 was primarily due to the acquisition of the remaining portions of 33 Seymour Road and 92-102 Caine Road, the transfer of the earlier acquired portion of 92-102 Caine Road from investment properties to properties under development and for sale upon our change of intention for the use of those properties, and capital expenditure on the trading properties at the Mid-Levels in Hong Kong, including AZURA and ARGENTA, and 1-9 and 2-10 Sai Wan Terrace. The increase from 31st December 2010 to 30th June 2011 was due to capital expenditure at our trading properties, primarily AZURA, as well as ARGENTA, 33 Seymour Road and 1-9 and 2-10 Sai Wan Terrace.

### *Trade and other receivables*

We had trade and other receivables of HK\$995 million, HK\$1,311 million, HK\$1,168 million and HK\$1,468 million, respectively, as at 31st December 2008, 2009 and 2010 and 30th June 2011. Our trade receivables mainly arose from rental income derived from the investment properties we leased. Other receivables from related parties and third parties primarily represented rent free adjustments and deposits receivable on the pre-sale of residential units. In 2009, the increase in trade debtors was due to higher occupancy rates at One Island East and Village South as both properties were open for their first full year. The increase in other receivables reflected amounts due from the owner in respect of development fees payable from proceeds of sales of units at Island Lodge. In 2010, trade debtors increased by HK\$20 million, from HK\$184 million to HK\$204 million, due to a combination of higher rent rates and occupancy rates in the Hong Kong investment properties and Sanlitun Village, whilst other receivables fell by HK\$163 million, from HK\$1,127 million to HK\$964 million, primarily due to lower rent free adjustments in the portfolio and lower receivables due from the sales of units at

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Island Lodge. The increase from 31st December 2010 to 30th June 2011 was primarily due to higher rental income from positive rental reversions in Hong Kong, and a further increase in stakeholders' account from the pre-sale of residential units at AZURA.

### *Trade and other payables*

We had trade and other payables of HK\$4,146 million, HK\$5,207 million, HK\$5,199 million and HK\$6,107 million, respectively, as at 31st December 2008, 2009 and 2010 and 30th June 2011. Our trade and other payables primarily comprise rental deposits from tenants, other payables (which primarily comprise provisions for outstanding construction costs and for retentions upon completion of works), amounts due to our intermediate holding company, JSSHK, amounts due to our immediate holding company, Swire Pacific, and trade creditors, interest-bearing advances from an associated company, in which we have a 20% interest, Greenroll Limited (in respect of the Conrad Hong Kong), interest-bearing advances from a jointly controlled company in which we have 50% interest, Richly Leader Limited (in respect of PCCW Tower), and advances from non-controlling interests, primarily to fund the development of certain of our trading properties. With effect from 1st January 2009 trade and other payables included our liability arising on the recognition of the liability in respect of a put option in favour of the owner of a non-controlling interest in Sanlitun Village (see further the sub-section headed "Results of Operations — 2009 compared to 2008 — Finance income" above). The recognition of, and the movement in the value of the liability in respect of, the put option resulted in a HK\$690 million increase in trade and other payables in 2009. The value of the put option decreased by HK\$12 million to HK\$678 million in 2010 and increased by HK\$140 million to HK\$818 million at 30th June 2011.

In rental deposits from tenants, the increase from HK\$1,544 million as at 31st December 2008 to HK\$1,620 million as at 31st December 2009 was primarily due to positive rental reversions on new leases in Hong Kong. A further increase of HK\$190 million to HK\$1,810 million as at 31st December 2010 was due to the opening of Village North in Sanlitun Village, a higher occupancy rate at One Island East, and positive rental reversions on new leases in Hong Kong. The increase of HK\$109 million to HK\$1,919 million from 31st December 2010 to 30th June 2011 was primarily due to the gradual opening of TaiKoo Hui in 2011, positive rental reversion in Hong Kong and the higher occupancy rate at Village North in Sanlitun Village.

In other payables, the increase from HK\$1,534 million as at 31st December 2008 to HK\$1,955 million as at 31st December 2009 principally reflected the outstanding payments to contractors upon completion of The Upper House and EAST, Hong Kong. The decrease of HK\$250 million to HK\$1,705 million as at 31st December 2010 was due to the settlement of outstanding payments to contractors of The Upper House and EAST, Hong Kong in 2010, partially offset by outstanding payments to contractors of 28 Hennessy Road and the trading properties at Mid-Levels in Hong Kong. The increase of HK\$551 million to HK\$2,256 million at 30th June 2011 was primarily due to stakeholders' account on the pre-sale of residential units at AZURA.

The amount due to our intermediate holding company, JSSHK, was HK\$101 million, HK\$67 million, HK\$99 million and HK\$66 million as at 31st December 2008, 2009 and 2010 and 30th June 2011, respectively, and was primarily the amount due under the Services Agreement.



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The amount due as a management fee to our immediate holding company, Swire Pacific, as consideration for treasury and other finance related services provided by Swire Pacific to us was HK\$101 million and HK\$103 million, respectively, as at 31st December 2008 and 2009. Such management fee ceased to be payable from 1st January 2010. Our trade creditors amounted to HK\$523 million, HK\$412 million, HK\$544 million and HK\$457 million as at 31st December 2008, 2009 and 2010 and 30th June 2011, respectively.

The analysis of the age of trade creditors during the Track Record Period was as follows:

	31st December			30th June
	2008	2009	2010	2011
	(HK\$ in millions)			
Under three months .....	499	412	543	444
Between three and six months .....	9	—	1	13
Between six and nine months .....	—	—	—	—
Between nine and twelve months .....	15	—	—	—
Over twelve months .....	—	—	—	—
	523	412	544	457

The fall in trade creditors in 2009 was primarily due to outstanding payments to contractors on The Upper House and EAST, Hong Kong being reclassified as other payables upon completion of these developments. The increase in trade creditors in 2010 was due to increase in outstanding payments to contractors of our PRC and Hong Kong projects. The decrease in trade creditors from 31st December 2010 to 30th June 2011 was due to a lower balance of outstanding payments to contractors of our PRC and Hong Kong projects.

### ***Bank overdrafts and short-term loans and long-term loans due within one year***

Bank overdrafts and short-term loans and long-term loans due within one year were HK\$967 million, HK\$949 million, HK\$4,094 million and HK\$1,194 million as at 31st December 2008, 2009 and 2010 and 30th June 2011, respectively. The increase in the 2010 balance was due to the fact that a portion of our bank loans in the PRC was due to be repaid in early 2011. The subsequent decrease in the balance at 30th June 2011 was because the same loans were refinanced in the first half of 2011.

### ***Amount due to fellow subsidiaries***

The total amount due to fellow subsidiaries, principally Swire Finance, (aggregating current and non-current components) was HK\$30,410 million, HK\$31,304 million, HK\$32,202 million and HK\$33,110 million respectively, as at 31st December 2008, 2009 and 2010, and 30th June 2011. The amount due to Swire Finance was unsecured and bore interest at 4.9%, 3.7%, 3.8% and 3.4% per annum as at 31st December 2008, 2009 and 2010 and 30th June 2011, respectively. The amounts due to Swire Finance had no fixed terms of repayment as at 31st December 2008 and 2009 and mirrored the maturity profile of the underlying borrowings of Swire Finance as at 31st December 2010 and 30th June 2011. The increase in 2009 and 2010 reflected primarily additional funding required for the Group's expansion in the PRC in those years, and acquisition of land for and construction costs on our trading property portfolio in Hong Kong and the acquisition of our increased stake in PCCW Tower and equity interest in the 148 Argyle Street development, partially offset by repayment of loans from

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proceeds from the sale of investment properties such as 6-16 Peel Rise, The Peak and our trading properties such as units at 5 Star Street. The increase from 31st December 2010 to 30th June 2011 was due to additional funding for the Group's development projects in Hong Kong and the PRC.

### *Amount due to immediate holding company*

The amount due to the Company's immediate holding company, Swire Pacific, was HK\$3,864 million as at 31st December 2008. The amount was capitalised by an issue of Shares at par on 31st December 2009.

### *Deferred tax liabilities*

We had deferred tax liabilities which were to be settled after more than 12 months of HK\$2,285 million, HK\$3,267 million, HK\$3,900 million and HK\$4,215 million as at 31st December 2008, 2009 and 2010 and 30th June 2011, respectively. The movement of deferred tax between the reporting periods was primarily a result of fair value gains and losses on our investment properties in the PRC, and, to a lesser extent, movements in accelerated tax depreciation on property, plant and equipment.

### *Long-term loans*

Our long-term loans comprise unsecured bank loans which are repayable in between two and five years. The long-term loans are denominated mostly in Renminbi, with significantly smaller borrowings in US dollars and British pounds, and the carrying amounts approximate their fair value. We had long-term loans of HK\$2,748 million, HK\$3,280 million, HK\$1,582 million, and HK\$5,753 million as at 31st December 2008, 2009 and 2010 and 30th June 2011, respectively. The increase in 2009, as well as the increase between 31st December 2010 and 30th June 2011, was primarily due to drawdown of bank loans to fund the TaiKoo Hui development and, to a smaller extent, capital expenditure at Sanlitun Village. The decrease in 2010 was due to the transfer of the current portion of the long-term loans of Sanlitun Village to long-term loans due within one year, prior to its subsequent refinancing in 2011. As at 31st December 2008, the relevant interest rates were 8.32% for RMB loans and 3.24% for a GBP loan. As at 31st December 2009, the relevant interest rates were 4.86% to 5.94% for RMB loans, 1.41% for a GBP loan and 2.55% for a USD loan. As at 31st December 2010, the relevant interest rates were 5.00% to 5.60% for RMB loans and 1.89% for a GBP loan. As at 30th June 2011, the relevant interest rates were 5.18% to 7.04% for RMB loans, 1.89% for a GBP loan and 0.99% to 1.05% for a USD loan.

### *Non-controlling interests*

Our non-controlling interests as at 31st December 2008, 2009 and 2010 and 30th June 2011 were HK\$1,068 million, HK\$424 million, HK\$479 million and HK\$522 million, respectively. The reduction in 2009 principally reflected the derecognition of the non-controlling interest in Sanlitun Village (which — see the sub-section headed “Results of Operations — 2009 compared to 2008 — Finance income” above — accompanied the recognition of the liability in respect of a put option in favour of the owner of the non-controlling interest). The subsequent movements in 2010 and in the six months ending 30th June 2011 were primarily due to fair value gains attributable to non-controlling interests at TaiKoo Hui and Island Place.

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### LIQUIDITY AND CAPITAL RESOURCES

For the three years ended 31st December 2010 and the six months ended 30th June 2010 and 2011 the principal sources of funding for our investments and operations were financing from Swire Pacific and Swire Finance, bank loans and cash from our operating activities.

The following table sets out certain cash flow data of the Group for the three years ended 31st December 2010 and the six months ended 30th June 2010 and 2011:

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	(unaudited)				
	(HK\$ in millions)				
Net cash from operating activities ...	3,443	3,631	2,912	770	2,606
Net cash used in investing activities	(7,479)	(3,466)	(5,273)	(1,826)	(2,204)
Net cash generated from/(used in)					
financing activities .....	3,352	(419)	2,346	1,439	(308)
(Decrease)/increase in cash and cash equivalents .....	(684)	(254)	(15)	383	94
Cash and cash equivalents .....	1,319	1,066	1,023	1,466	1,109

#### Cash from operating activities

Our cash from operating activities consists primarily of cash generated from operations, interest received and dividends received from associated companies, offset by interest paid and tax on profits paid. Net cash from operating activities was HK\$3,443 million, HK\$3,631 million, HK\$2,912 million, HK\$770 million and HK\$2,606 million for the years ended 31st December 2008, 2009 and 2010 and the six months ended 30th June 2010 and 2011, respectively. The increase in net cash from operating activities from 2008 to 2009 was largely due to higher turnover (reflecting higher rental income and sales of units at Island Lodge) and lower net finance charges (before interest capitalisation), partially offset by higher tax on profits and lower dividends received from associated companies. The decrease in net cash from operating activities from 2009 to 2010 was primarily due to HK\$1,245 million spent on acquiring the remaining portions of 33 Seymour Road and 92-102 Caine Road, and on developing the trading property portfolio in Hong Kong, partially offset by higher operating profit. The increase in net operating cash from operating activities in the first half of 2011 from the same period in 2010 was due to lower cash outflows on trading properties after the acquisitions made in 2010, the receipt of deposits from the pre-sale of residential units at AZURA, rental deposits at TaiKoo Hui and higher rental deposits in Hong Kong arising from higher rent rates in the investment property portfolio, as well as higher rental income and hotel profits.

#### Cash used in investing activities

Our principal investment activities comprise additions to investment properties, loans to jointly controlled companies and purchase of property, plant and equipment. For the three years ended 31st December 2010 and the six months ended 30th June 2010 and 2011, the Group experienced net cash outflows as a result of its investing activities. In the year ended 31st December 2008, net cash used in investing activities was HK\$7,479 million, principally comprising additions to investment

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properties of HK\$3,600 million (reflecting primarily the acquisition cost of 28 Hennessy Road, expenditure on Hong Kong investment properties including One Island East and the Pacific Place contemporisation project), loans to jointly controlled companies of HK\$2,401 million (for the purposes of the INDIGO and Dazhongli developments) and additions to property, plant and equipment of HK\$1,764 million (representing expenditure on The Upper House, East, Hong Kong and PRC projects), partly offset by the proceeds from disposals of interests in subsidiaries of HK\$232 million (in relation to the Seymour Road properties and 1-9 and 2-10 Sai Wan Terrace). For the year ended 31st December 2009, net cash used in investing activities was HK\$3,466 million. Purchases of HK\$940 million on property, plant and equipment were largely attributable to EAST, Hong Kong, The Upper House and the hotel element of the TaiKoo Hui development. Capital expenditure on investment properties of HK\$2,389 million was spent largely on the TaiKoo Hui development, the Pacific Place contemporisation project, improvement works at Sanlitun Village and on settling outstanding payments at One Island East and other Hong Kong properties. Further equity was invested in the INDIGO development and part of the outstanding shareholder loan in respect of the Citygate property was repaid. For the year ended 31st December 2010, net cash used in investing activities was HK\$5,273 million, comprising additions to investment properties of HK\$4,229 million, including TaiKoo Hui, Pacific Place contemporisation project and Sanlitun Village, shareholder loans and equity injections of HK\$965 million, to jointly controlled companies, principally referable to Daci Temple, Dazhongli and the 148 Argyle Street development, additions to property, plant and equipment of HK\$512 million, including the U.K. hotels and the hotel element of the TaiKoo Hui development, and a net outflow of HK\$471 million from increasing our equity interest in PCCW Tower. This was partially offset by proceeds of HK\$1,213 million from the sale of investment properties, principally referable to 6-16 Peel Rise, The Peak. For the six months ended 30th June 2010, net cash used in investing activities was HK\$1,826 million, comprising additions to investment properties of HK\$1,338 million, principally referable to TaiKoo Hui and Pacific Place contemporisation project, shareholder loans and equity injections to jointly controlled companies of HK\$403 million, mostly the 148 Argyle Street and Dazhongli developments, additions to property, plant and equipment of HK\$277 million, mostly the U.K. hotels and the hotel element of TaiKoo Hui, partially offset by the sale of investment properties of HK\$208 million, mostly the buyer's deposit from 6-16 Peel Rise, The Peak. For the six months ended 30th June 2011, net cash used in investing activities was HK\$2,204 million, comprising additions to investment properties of HK\$1,638 million, principally referable to TaiKoo Hui and the contemporisation project for Pacific Place, shareholder loans to jointly controlled companies of HK\$228 million, principally referable to the Daci Temple and Dazhongli projects, and additions to property, plant and equipment of approximately HK\$276 million, principally referable to the U.K. hotels and the hotel element of TaiKoo Hui.

### **Net cash generated from or used in financing activities**

Our net cash generated from financing activities principally reflects the proceeds of borrowings from Swire Finance and banks, partly offset by repayment of bank loans and dividends to Swire Pacific. For the year ended 31st December 2008, net cash generated from financing activities was HK\$3,352 million, primarily comprising the proceeds of borrowings from Swire Finance and banks, partly offset by repayment of loans from banks and dividends to Swire Pacific. For the year ended 31st December 2009, net cash used in financing activities was HK\$419 million, primarily comprising the payment of HK\$1,777 million in dividends to Swire Pacific, partly offset by a smaller amount of borrowings from Swire Finance and a net drawdown of HK\$515 million of borrowings from banks to fund the TaiKoo Hui and Sanlitun Village projects. For the year ended 31st December 2010, net cash generated from financing activities was HK\$2,346 million, due largely to a net drawdown of HK\$1,473 million of borrowings from banks to fund the TaiKoo Hui project and capital expenditure

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at Sanlitun Village, and a smaller drawdown of borrowings from Swire Finance of HK\$882 million. For the six months ended 30th June 2010, net cash generated from financing activities was HK\$1,439 million, with borrowings from Swire Finance of HK\$674 million and bank borrowings of HK\$755 million to fund development projects in Hong Kong and the PRC. For the six months ended 30th June 2011, net cash used in financing activities was HK\$308 million, due largely to a dividend payment to Swire Pacific of HK\$2,425 million, partially offset by bank borrowings of HK\$1,268 million and loan drawdown from Swire Finance of HK\$853 million.

### INDEBTEDNESS, CONTINGENT LIABILITIES AND NET CURRENT LIABILITIES

#### Borrowings

Our borrowings are principally denominated in Hong Kong dollars, Renminbi and U.S. dollars. As at 31st December 2008, 2009 and 2010, 30th June 2011 and 31st October 2011, we had the following outstanding borrowings, respectively.

	As at 31st December			As at 30th June 2011	As at 31st October 2011
	2008	2009	2010		
					(unaudited)
					(HK\$ in millions)
Borrowings included in non-current liabilities:					
Bank borrowings					
— unsecured .....	2,748	3,280	1,582	5,753	5,737
Borrowings from related parties					
— unsecured .....	—	—	26,974	27,436	14,444
Borrowings included in current liabilities:					
Bank borrowings					
— unsecured .....	967	949	4,094	1,194	1,890
Borrowings from related parties					
— unsecured .....	34,274	31,304	5,228	5,674	5,665
Total borrowings .....	37,989	35,533	37,878	40,057	27,736
Less: cash and cash equivalents .....	1,319	1,066	1,042	1,125	2,326
Net borrowings .....	36,670	34,467	36,836	38,932	25,410

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An analysis of the outstanding borrowings by currency (after cross currency swaps) is shown below (on the basis that the Inter-group Loan Agreements were in place prior to the execution of the Inter-group Loan Agreements on 31st March 2010).

Currency	As at 31st December						As at	As at		
	2008		2009		2010		30th June	31st October	2011	
	(unaudited)									
	(HK\$ in millions)									
Hong Kong dollar <sup>(1)</sup> ...	33,499	88%	30,528	86%	31,426	83%	32,290	81%	19,633	71%
U.S. dollar .....	853	2%	858	2%	926	3%	1,127	3%	1,121	4%
Renminbi .....	3,615	10%	4,085	12%	5,466	14%	6,577	16%	6,920	25%
Others .....	22	—	62	—	60	—	63	—	62	—
<b>Total</b> .....	<b>37,989</b>	<b>100%</b>	<b>35,533</b>	<b>100%</b>	<b>37,878</b>	<b>100%</b>	<b>40,057</b>	<b>100%</b>	<b>27,736</b>	<b>100%</b>

*Note:*

(1) The Hong Kong dollar denominated borrowings included amounts due to the immediate holding company of the Company of HK\$3,864 million as at 31st December 2008. The corresponding balance as at 31st December 2009 was capitalised on the same date.

The following table breaks down those sources of funds into those which are on a fixed rate basis and those which are on a floating rate basis (on the basis that the Inter-group Loan Agreements were in place prior to the execution of the Inter-group Loan Agreements on 31st March 2010):

Currency	As at 31st December						As at	As at		
	2008		2009		2010		30th June	31st October	2011	
	(unaudited)									
	(HK\$ in millions)									
Fixed .....	19,745	58%	23,230	65%	25,146	66%	23,746	59%	19,364	70%
Floating .....	14,380	42%	12,303	35%	12,734	34%	16,291	41%	8,323	30%
Sub-total .....	<b>34,125</b>	<b>100%</b>	<b>35,533</b>	<b>100%</b>	<b>37,880</b>	<b>100%</b>	<b>40,037</b>	<b>100%</b>	<b>27,687</b>	<b>100%</b>
Interest-free .....	3,864		—		128		131		123	
Unamortised loan fee...	—		—		(130)		(111)		(74)	
<b>Total</b> .....	<b>37,989</b>		<b>35,533</b>		<b>37,878</b>		<b>40,057</b>		<b>27,736</b>	

Our outstanding borrowings from Swire Pacific, Swire Finance and Swire Resources amounted to HK\$34,274 million, HK\$31,304 million, HK\$32,202 million and HK\$33,110 million as at 31st December 2008, 2009 and 2010 and 30th June 2011, respectively. All of our outstanding borrowings from Swire Pacific were capitalised on 31st December 2009. Our outstanding borrowings from Swire Finance amounted to HK\$20,109 million as at 31st October 2011. For additional information on our borrowings from Swire Pacific and Swire Finance, see the sub-section headed “Factors Affecting Results of Operations — Access to and Cost of Funding” above. As at 31st October 2011, our committed loan facilities amounted to HK\$35,772 million, of which HK\$9,614 million (or 27%) remained undrawn. In addition, as at 31st October 2011, our uncommitted loan facilities amounted to HK\$2,656 million, of which HK\$1,127 million (or 42%) remained undrawn.

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Our sources of funds as at 31st October 2011 comprised the following:

	As at 31st October 2011				
	(unaudited)				
	Available Facilities	Utilised Facilities	Undrawn Facilities	Undrawn Facilities expiring within 1 year	Undrawn Facilities expiring beyond 1 year
	(HK\$ in millions)				
<b>Our borrowings from third parties</b>					
Long-term loans .....	7,071	6,144	927	123	804
<b>Our borrowings from Swire</b>					
<b>Finance and Swire Resources</b>					
Revolving credit and short term loan	9,037	350	8,687	4,687	4,000
Term loan .....	5,000	5,000	—	—	—
Medium-term notes .....	12,335	12,335	—	—	—
Perpetual capital securities .....	2,329	2,329	—	—	—
	28,701	20,014	8,687	4,687	4,000
Total committed facilities .....	35,772	26,158	9,614	4,810	4,804
Total uncommitted facilities .....	2,656	1,529	1,127	944	183
Total loan facilities .....	38,428	27,687	10,741	5,754	4,987

Our outstanding bank borrowings amounted to HK\$3,715 million, HK\$4,229 million, HK\$5,676 million, HK\$6,947 million and HK\$7,627 million, as at 31st December 2008, 2009 and 2010, 30th June 2011 and 31st October 2011, respectively. The increase in our bank borrowings in 2009, 2010 and 2011 was primarily due to the drawdown of loans to fund the TaiKoo Hui development and renovation works at Sanlitun Village.

Save for the Mandarin Loan (which is guaranteed by Swire Pacific), our outstanding borrowings as at 31st October 2011 were not guaranteed by any person other than members of the Group.

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The table below sets forth the maturity profile of our non-current borrowings as at the dates indicated:

	As at 31st December			As at	As at
	2008	2009	2010	30th June 2011	31st October 2011
	(unaudited)				
	(HK\$ in millions)				
Bank borrowing:					
1-2 years .....	2,748	2,899	—	382	95
2-5 years .....	—	381	1,582	5,371	5,642
Over 5 years.....	—	—	—	—	—
Borrowings from related parties:					
1-2 years .....	—	—	7,128	10,434	2,299
2-5 years .....	—	—	3,800	5,642	4,649
Over 5 years.....	—	—	16,046	11,360	7,496
Total non-current borrowings .....	<u>2,748</u>	<u>3,280</u>	<u>28,556</u>	<u>33,189</u>	<u>20,181</u>

The table below sets forth the maturity profile of our borrowings from third parties and those of Swire Finance from third parties underlying the Inter-group Funding as at 31st October 2011.

	Maturity Profile					
	(unaudited)					
	Total	2011	2012	2013	2014	2015 onwards
	(HK\$ in millions)					
<b>Our borrowings from third parties</b>						
Bank overdrafts, short term and long term loans.....	7,673	300	1,590	95	5,688	—
<b>Swire Finance's borrowings from third parties underlying the Inter-group Funding</b>						
Revolver credit loan and term loans.....	5,350	—	5,350	—	—	—
Medium term notes .....	12,335	200	—	2,300	—	9,835
Perpetual capital securities.....	2,329	—	—	—	—	2,329
<b>Total.....</b>	<u>27,687</u>	<u>500</u>	<u>6,940</u>	<u>2,395</u>	<u>5,688</u>	<u>12,164</u>

### Net current liabilities

Our net current liabilities were HK\$35,120 million, HK\$31,699 million, HK\$6,971 million and HK\$5,028 million, respectively, as at 31st December 2008, 2009 and 2010 and 30th June 2011. We had net current liabilities during the Track Record Period mainly due to our borrowings from Swire Pacific and Swire Finance being, prior to the entry into the Inter-group Loan Agreements on 31st March 2010, treated as current liabilities and part of our borrowings from Swire Finance remaining, after the entry



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into the Inter-group Loan Agreements, repayable within one year. Our net current liabilities were HK\$4,680 million as at 31st October 2011. Part of our current liabilities to Swire Finance in respect of our borrowings from it were reclassified as long-terms loans in 2010 because, as a result of the entry into of the Inter-group Loan Agreements, that part of our current liabilities became repayable after more than one year.

### Contingent liabilities

We had contingent liabilities of HK\$92 million, HK\$98 million, HK\$101 million, HK\$94 million and HK\$91 million, in respect of bank guarantees given in lieu of utility deposits as at 31st December 2008, 2009 and 2010, 30th June 2011 and 31st October 2011, respectively. We also had contingent liabilities of HK\$1 million as at 31st December 2008, less than HK\$1 million as at 31st December 2009 and 2010 and 30th June 2011 and 31st October 2011, under our guarantees given in respect of bank mortgage loans to our staff.

In addition, certain wholly-owned subsidiaries of the Company have been unable to finalise their liability to profits tax in respect of the years 1997/98 to 2004/05 inclusive as a consequence of queries raised by the Hong Kong Inland Revenue Department (“**IRD**”). These queries relate to the deductibility, in the assessment of profits tax, of interest on borrowings of those subsidiaries during the periods under review. A number of discussions have taken place between those subsidiaries and the IRD to understand the precise nature of the IRD queries. However, at this stage there is insufficient information available to determine reliably the ultimate outcome of the IRD’s review with an acceptable degree of certainty. Consequently no provision has been recognised in these accounts for any amounts that may fall due in regard to these queries. The IRD has issued Notices of Assessment totalling HK\$492 million in respect of their queries for the years under review. The subsidiaries involved have objected to these assessments. The IRD has agreed to hold over conditionally part of the tax in dispute in the sum of HK\$16 million and one of the subsidiaries involved has purchased a Tax Reserve Certificate of the same amount. The IRD has agreed to hold over unconditionally the balance of the tax in dispute in the sum of HK\$476 million. Please also refer to the section headed “Risk Factors — Risks Relating to Our Business — We may be involved in disputes and legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result” in this listing document. In addition, the estimated interest which would (assuming that the relevant Group companies are found liable to pay the tax demanded) be payable in respect of the Notices of Assessment totalled HK\$224 million as at 30th June 2011. For illustrative purposes only, the aggregate of the amounts assessed and the estimated interest payable (HK\$716 million) represents 2.7% and 0.4% of the consolidated profit of the Company attributable to its Shareholder for the year ended 31st December 2010 and of the consolidated net assets of the Company at 30th June 2011, respectively. It is not possible, given the lack of information available, to determine the ultimate outcome of the IRD’s review of this matter and consequently to make a judgment as to its materiality. Swire Pacific has undertaken to the Company that, if any subsidiary of the Company referred to in this paragraph is required to pay to the IRD any amount of tax in response or by reference to any notice of assessment referred to in this paragraph (or to any corresponding notice of assessment issued in respect of any year of assessment from the years of assessment 2005/06 to 2010/11 inclusive), Swire Pacific will pay to the Company an amount equal to the amount of such payment. This undertaking will expire on the third anniversary of the Listing Date except where a provision for a relevant payment has, with the agreement of Swire Pacific, previously been made in the accounts of any such subsidiary.

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## FINANCIAL INFORMATION

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Save as disclosed above, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities as at 31st October 2011.

### **Working capital**

Taking into account the amount of cash currently held by us, cash flow from our operations, banking facilities expected to be available to us and the Inter-group Funding, the Directors are of the opinion that our working capital is sufficient for our requirements, including estimated capital expenditure, for at least 12 months from the date of this listing document.

### **Off-balance sheet commitments and arrangements**

Save as disclosed in the sub-section headed “Contingent Liabilities” above, we have not entered into other material off-balance sheet arrangements or commitments to guarantee the payment of obligations of any third parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

### **CAPITAL EXPENDITURE**

Capital expenditure incurred by the Group for the years ended 31st December 2008, 2009 and 2010 and the six months ended 30th June 2011 amounted to HK\$5,336 million, HK\$3,871 million, HK\$5,001 million and HK\$1,902 million, respectively, primarily relating to investment properties and hotels in Hong Kong and the PRC.

Our total capital expenditure relating to investment properties for the years ended 31st December 2008, 2009 and 2010 and the six months ended 30th June 2011 amounted to HK\$2,791 million, HK\$2,758 million, HK\$4,583 million and HK\$1,645 million, respectively.

Our total capital expenditure relating to hotels for the years ended 31st December 2008, 2009 and 2010 and the six months ended 30th June 2011 amounted to HK\$925 million, HK\$1,065 million, HK\$293 million and HK\$248 million, respectively.

## FINANCIAL INFORMATION

### CAPITAL COMMITMENTS

The following table sets forth our capital commitments comprising capital commitments contracted for and those authorised by the Directors but not yet contracted for as at the dates indicated:

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	(HK\$ in millions)			
Property, plant and equipment .....	2,485	998	1,005	789
Investment properties .....	5,256	4,368	3,530	2,833
Our share of capital commitments of jointly controlled companies .....	5,351	5,316	6,957	6,851
<b>Total capital commitments .....</b>	<b>13,092</b>	<b>10,682</b>	<b>11,492</b>	<b>10,473</b>

The following table breaks down our capital commitments contracted for and those authorised by the Directors but not contracted for in respect of investment properties and hotels by location as at 30th June 2011:

	Forecast period of spending				Commitments
	(unaudited)				(audited)
	Six months ending 31st December 2011	2012	2013	2014 and beyond	as at 30th June 2011
	(HK\$ in millions)				
<b>Hong Kong projects</b>					
Investment properties .....	649	549	72	2	1,272
<b>Total .....</b>	<b>649</b>	<b>549</b>	<b>72</b>	<b>2</b>	<b>1,272</b>
<b>PRC projects</b>					
Property, plant and equipment .....	136	570	—	—	706
Investment properties .....	1,209	352	—	—	1,561
Our share of capital commitments of jointly controlled companies .....	2,025	1,122	1,644	2,060	6,851
<b>Total .....</b>	<b>3,370</b>	<b>2,044</b>	<b>1,644</b>	<b>2,060</b>	<b>9,118</b>
<b>U.K. hotels</b>					
Property, plant and equipment	68	15	—	—	83
<b>Total .....</b>	<b>68</b>	<b>15</b>	<b>—</b>	<b>—</b>	<b>83</b>
<b>TOTAL .....</b>	<b>4,087</b>	<b>2,608</b>	<b>1,716</b>	<b>2,062</b>	<b>10,473<sup>(1)</sup></b>

*Note:*

(1) Including the Group's share of the capital expenditure and capital commitments of its jointly controlled companies.

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## FINANCIAL INFORMATION

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### OTHER CONTRACTUAL COMMITMENTS

We had contractual obligations for future development costs relating to properties for sale of HK\$213.9 million, HK\$484.6 million, HK\$557.6 million and HK\$466.1 million as at 31st December 2008, 2009 and 2010 and 30th June 2011, respectively.

We are the lessee under certain operating leases in respect of land and buildings. Our commitments under non-cancellable operating leases in respect of land and buildings as at 31st December 2008, 2009 and 2010 and 30th June 2011 were HK\$17 million, HK\$13 million, HK\$107 million and HK\$111 million, respectively.

### FINANCIAL RISKS

In the normal course of business we are exposed to financial risks attributable to interest rates, credit, liquidity and exchange rates.

As disclosed in the section “Relationship with the Controlling Shareholders — Independence from the Controlling Shareholders — Independence of administrative capability” in this listing document, Swire Pacific provides central treasury services to its subsidiaries, including the Company. Such services include the management of the Group’s financial risks (except those relating to trading transactions, which we manage ourselves) and will continue to be provided for a transitional period of up to 12 months after the Listing Date. After the end of the transitional period, it is intended that the Group’s financial risks will be managed internally and in accordance with the same principles as those in accordance with which they are currently managed by Swire Pacific. Swire Pacific’s policies and procedures for managing financial risks are maintained and developed by its finance committee (under the authority of its board) and implemented through its central treasury department. References below in this section headed “Financial Risks” to our policies and procedures are to the policies and procedures of Swire Pacific as applied on our behalf.

It is our policy not to enter into derivative transactions for speculative purposes. Derivatives are used (indirectly through the Inter-group Funding) for management of an underlying risk and we minimise our exposure to market risk since gains and losses on derivatives offset the losses and gains on the assets, liabilities or transactions being hedged (indirectly through the Inter-group Funding).

Our jointly controlled and associated companies arrange their financial and treasury affairs on a stand-alone basis. We may provide financial support by way of guarantees to our jointly controlled and associated companies in cases where significant cost savings are available and risks are acceptable.

#### Interest rate risks

Our interest rate risk arises primarily from our interest bearing borrowings from banks and Swire Finance, which were HK\$34,125 million, HK\$35,533 million, HK\$37,880 million, HK\$40,037 million and HK\$27,723 million respectively as at 31st December 2008, 2009 and 2010, 30th June 2011 and 31st October 2011. Borrowings at variable rates expose us to cash flow interest rate risk. Borrowings at fixed rates expose us to fair value interest rate risk. During the Track Record Period, we earned interest income on cash deposits and loans due from jointly controlled companies.

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During the Track Record Period, interest on the Inter-group Funding was charged to the Company at an all-in cost on the underlying loans and bonds representing the rates of interest, margin and the Company's proportionate share of any fees and hedging costs or savings in respect of Swire Finance's (direct or indirect) borrowings from third parties (the Group itself not having been party to any hedging transactions during the Track Record Period). A significant proportion of the Group's debt is maintained on a fixed rate basis with a view to increasing certainty of funding costs and after taking into consideration the potential impact of higher interest rates on profit, interest cover and expected cash flows.

Upward fluctuations in interest rates may increase the cost of our financing. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of our debt obligations. As at 31st December 2008, 2009 and 2010 and 30th June 2011, our outstanding interest-bearing borrowings denominated in HK dollars were approximately HK\$29,635 million, HK\$30,528 million, HK\$31,298 million and HK\$32,159 million, respectively, our outstanding interest-bearing borrowings in Renminbi were approximately HK\$3,615 million, HK\$4,085 million, HK\$5,466 million and HK\$6,577 million respectively and our outstanding interest-bearing borrowings denominated in U.S. dollars were HK\$853 million, HK\$858 million, HK\$926 million and HK\$1,127 million, respectively (on the basis that the Inter-group Loan Agreements were in place as at 31st December 2008 and 2009). (See the second table in the sub-section headed "Indebtedness, Contingent Liabilities and Net Current Liabilities — Borrowings" above.) The benchmark 3-year bank lending rate published by the PBOC as at 31st December 2008, 2009 and 2010 and 30th June 2011 was 5.4%, 5.4%, 5.9% and 6.4%, respectively. As at 30th June 2011, the Group had total outstanding borrowings of HK\$40,057 million with maturities (including indirectly through the Inter-group Funding) from 2011 to 2019. As at 30th June 2011, taking into account the hedging arrangements referred to in the immediately preceding paragraph, 59% of our gross borrowings were on a fixed rate basis and 41% were on a floating rate basis. (See the third table in the sub-section headed "Indebtedness, Contingent Liabilities and Net Current Liabilities — Borrowings" above.) If the effective interest rate on our outstanding borrowings had been 100 basis points higher or lower than the applicable actual effective interest rates for the years ended 31st December 2008, 2009 and 2010 and for the six months ended 30th June 2011, and all other variables were held constant, our interest expenses would have increased or decreased by HK\$128 million, HK\$107 million, HK\$131 million and HK\$152 million, respectively.

### Credit risks

Our credit risk is primarily attributable to cash and deposits held, and to derivative contracts entered into, with banks and other financial institutions, to receivables from our jointly controlled companies and associated companies and to a lesser extent, to vendor financing in respect of ASIA, Miami and trade and other receivables.

When depositing surplus funds or entering into derivative contracts, we control our exposure to non-performance by counterparties by dealing with investment grade counterparties, setting approved counterparty limits and applying monitoring procedures. The counterparties' credit ratings are monitored and an approved list of counterparties with their limits is issued on a quarterly basis.

In accordance with the provisions of our standard tenancy agreements, rentals and other charges are due on the first day of each calendar month. We are responsible for setting appropriate credit terms and assessing the credit profile of individual customers. We typically do not extend any credit to our customers. As at 31st December 2008, 2009 and 2010 and 30th June 2011, trade debtors were HK\$145 million, HK\$184 million, HK\$204 million and HK\$199 million, respectively, and were past due but

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not impaired. These relate to a number of independent customers for whom there is no recent history of default. The value of rental deposits from tenants held as security against trade debtors was HK\$1,544 million, HK\$1,620 million, HK\$1,810 million and HK\$1,919 million at 31st December 2008, 2009 and 2010 and 30th June 2011, respectively.

We believe there is no significant concentration of credit risk with respect to trade receivables given the large number of customers we have.

### Liquidity risks

We take liquidity risk into consideration when deciding our sources of funds and their tenors, so as to avoid over reliance on funds from any one source and to prevent substantial refinancing in any one period. We have, through the Inter-group Funding, significant undrawn committed revolving credit facilities and cash deposits in order to reduce liquidity risk further and to allow for flexibility in meeting funding requirements. The table below analyses our contractual undiscounted cash flows and financial liabilities by relevant maturity groupings based on the remaining period from 30th June 2011 to the earliest date we may be required to pay.

As at 30th June 2011						
Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	
(HK\$ in millions)						
Trade creditors .....	457	457	457	—	—	—
Amounts due to intermediate holding company .....	66	66	66	—	—	—
Amount due to a fellow subsidiary .....	33,110	33,110	5,674	10,434	5,642	11,360
Interest-bearing advance from an associated company .....	149	149	149	—	—	—
Advances from non-controlling interests.....	217	217	217	—	—	—
Rental deposits from tenants .....	1,919	2,053	412	363	901	377
Other payables .....	2,256	2,256	2,256	—	—	—
Non-controlling interest put option.....	818	818	818	—	—	—
Borrowings (including interest obligations) .....	6,947	7,968	1,561	689	5,718	—
Interest-bearing advance from jointly controlled company ...	225	225	225	—	—	—
	46,164	47,319	11,835	11,486	12,261	11,737

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### Exchange rate risks

We operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars and Renminbi. Foreign exchange risk arises from the foreign currency denomination of commercial transactions, assets and liabilities, and net investments in foreign operations.

We hedge highly probable transactions in each major currency where their value or time to execution gives rise to a significant currency exposure, provided that the cost of the foreign exchange forward or derivative contract is not prohibitively expensive having regard to the underlying exposure.

As at 31st October 2011, the Group had (through the Inter-group Funding) hedged its significant foreign currency funding exposures.

Exposure arising from the Group's investments in operating subsidiaries with net assets denominated in foreign currencies is reduced, where practical, by providing funding in the same currency.

Foreign currency funding and deposit exposure are monitored on a continuous basis. On a quarterly basis, sensitivity testing is performed by varying forecast foreign exchange rates. The interest charged on the Group's borrowings from Swire Finance under the Inter-group Funding reflects, among other things, our proportionate share of the relevant currency hedging costs or savings.

Otherwise, we currently do not engage in hedging activities designed or intended to manage currency risk.

### DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

The Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances which would give rise to a disclosure required under Rules 13.13 to 13.19 of the Listing Rules upon the listing of our Shares on the Stock Exchange.

### DIVIDENDS AND DISTRIBUTABLE RESERVES

Pursuant to the Companies Ordinance and the Memorandum and Articles of Association of the Company, the Company may by ordinary resolution declare dividends in any currency but no dividend may be declared in excess of the amount recommended by our Board. The Memorandum and Articles of Association provide that dividends may be declared and paid out of our profit or reserves available for distribution.

Except as provided under the terms of a particular issue, or with respect to the rights attached to any Shares, (i) all dividends must be declared and paid according to the amounts paid up on the Shares in respect of which the dividend is paid; and (ii) all dividends must be apportioned and paid pro rata according to the amount paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid up on a Share in advance of calls shall be treated as paid up on the Share. The Directors may retain any dividends or other moneys payable on or in respect of a Share on which we have a lien and may apply the same in or towards notification of the debts and liabilities in respect of which the lien exists. The Directors may deduct from any dividend payable to any of the Shareholders all sums of money (if any) presently payable by such

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## FINANCIAL INFORMATION

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shareholder to us on account of calls, instalments or otherwise. In addition, the declaration of dividends is subject to the discretion of the Board, and the amounts of dividends actually declared and paid will also depend on the following factors:

- our general business conditions;
- our financial results;
- our capital requirements;
- our future prospects;
- tax considerations;
- possible effects on our creditworthiness; and
- any other factors which the Board may deem relevant.

The Board has absolute discretion as to whether to declare any dividend for any year and, if it decides to declare a dividend, how much dividend to declare. The Company currently intends to pay dividends which will average approximately 50% of our underlying profit attributable to the Shareholders over an economic cycle. Going forward, we will re-evaluate our dividend policy in light of our financial position and the prevailing economic climate. However, the determination to pay dividends will be made at the discretion of the Board and will be based upon our earnings, cash flow, financial condition, capital requirements, distributable reserves and any other conditions that the Directors deem relevant. The payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter into in the future.

For the three years end 31st December 2008, 2009 and 2010 and the six months ended 30th June 2011, our underlying profit attributable to the Shareholder (which principally reflects adjustments made by the Company to the reported profit to exclude the effect of fair value gains or losses on investment properties and the associated deferred tax) amounted to approximately HK\$3,558 million, HK\$3,726 million, HK\$4,782 million and HK\$2,354 million, respectively. There is, however, no assurance that any proportion of our underlying profit attributable to the Shareholders for any year will be distributed as dividends or that any dividend will be paid at all.

### PROPERTY INTERESTS AND PROPERTY VALUATION

Our property interests, including the interests in properties that are attributable to us, were valued at HK\$221.1 billion as at 30th September 2011. As at 30th September 2011, our property interests (other than Amalgamation Properties) were valued by DTZ and Christie + Co, independent property valuers, and Amalgamation Properties were valued internally by qualified surveyors. There was a net revaluation surplus, representing the excess market value of the properties over their book value as at 30th June 2011 (after adjusting for properties purchased and sold, and depreciation and amortisation during the period from 1st July 2011 to 30th September 2011). For further details of our property interests, please refer to the valuation reports prepared by DTZ and Christie + Co set out in Appendix III “Property Valuation” to this listing document and the section headed “Business — Investment Properties Under Development or Held For Future Development — Hong Kong — Amalgamation Properties” in this listing document.



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Disclosure of the reconciliation of the valuation of the interests in properties attributable to us and such property interests in our consolidated balance sheet as at 30th June 2011 as required under Rule 5.07 of Listing Rules is set forth below:

	<u>HK\$ in millions</u>
Carrying value as at 30th June 2011	
Property, plant and equipment.....	6,615
Investment properties.....	198,520
Leasehold land and land use rights .....	6
Properties held for development and for sale .....	6,392
Attributable interests in properties owned by jointly controlled companies and associated companies.....	14,069
Others .....	<u>6</u>
Total .....	225,608
Add: Net additions during the period from 1st July 2011 to 30th September 2011 <sup>(1)</sup> .....	(15,407)
Add: Attributable share of land preparation cost .....	1,158
Add: Valuation surplus <sup>(1)</sup> .....	<u>13,047</u>
Gross valuation as at 30th September 2011 <sup>(2)</sup> .....	224,406
Gross valuation attributable to non-controlling interests .....	<u>(3,331)</u>
Gross valuation attributable to the Group as at 30th September 2011 .....	<u><u>221,075</u></u>

Notes:

- (1) The valuation surplus represents approximately HK\$1,750 million of revaluation gain on investment properties and attributable interests in investment properties owned by jointly controlled companies and associated companies, approximately HK\$7,475 million of surplus over the carrying value of trading properties, approximately HK\$3,093 million of surplus over the carrying value of hotels, and approximately HK\$729 million arising from recording properties which we occupy ourselves at fair value instead of at cost. Of the total valuation surplus of HK\$13,047 million, HK\$686 million is attributable to non-controlling interests. The valuation surplus excludes any deferred tax.
- (2) The gross valuation as at 30th September 2011 includes our attributable interests in the gross valuation of properties owned by jointly controlled companies and associated companies.

### NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since 30th June 2011.

*The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this listing document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.*



羅兵咸永道

21st December 2011

The Directors  
Swire Properties Limited

BOCI Asia Limited  
Goldman Sachs (Asia) L.L.C  
The Hongkong and Shanghai Banking Corporation Limited  
Morgan Stanley Asia Limited

Dear Sirs,

We report on the financial information (the "Financial Information") of Swire Properties Limited (the "Company") and its subsidiaries (together, the "Group") which comprises the consolidated statements of financial position as at 31st December 2008, 2009, 2010 and 30th June 2011, the statements of financial position of the Company as at 31st December 2008, 2009, 2010 and 30th June 2011, the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31st December 2008, 2009 and 2010 and the six months ended 30th June 2011 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set out in Sections I to III below for inclusion in Appendix I to the listing document of the Company dated 21st December 2011 (the "Listing Document") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in Hong Kong on 3rd November 1972 with limited liability under the Hong Kong Companies Ordinance. As at the date of this report, the Company has direct and indirect interests in the subsidiary, associated and jointly controlled companies as set out in Note 45 of Section II below. All of these companies are private companies. All subsidiary companies have adopted 31st December as their financial year end date.

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*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong*  
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

The directors of the Company are responsible for the preparation of the Company's consolidated financial statements for each of the years ended 31st December 2008, 2009 and 2010 that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Financial Statements"). We have audited the Financial Statements pursuant to separate terms of engagement with the Company.

The Financial Information has been prepared based on the Financial Statements or, where appropriate, unaudited financial statements of the Company and its subsidiaries now comprising the Group, after making such adjustments as are appropriate. The names of the auditors of the financial statements of the Company's subsidiary, associated and jointly controlled companies are set out in Note 45 of Section II below.

#### **Directors' responsibility for the financial information**

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

#### **Reporting accountant's responsibility**

Our responsibility is to express an opinion on the Financial Information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

#### **Opinion**

In our opinion, the Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of the Company and the Group as at 31st December 2008, 2009 and 2010 and 30th June 2011 and of the Group's results and cash flows for the Relevant Periods then ended.

#### **Review of stub period comparative financial information**

We have reviewed the stub period comparative financial information set out in Sections I to II below included in Appendix I to the Listing Document which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30th June 2010 and a summary of significant accounting policies and other explanatory information (the "Stub Period Comparative Financial Information").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 2 of Section II below.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of the Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with HKSA and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report, has not been prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

## I FINANCIAL INFORMATION OF THE GROUP

The following is the financial information of the Group prepared by the directors of the Company as of 31st December 2008, 2009, 2010 and as of 30th June 2011, and for each of the years ended 31st December 2008, 2009 and 2010, and each of the six months ended 30th June 2010 and 2011.

## A) CONSOLIDATED INCOME STATEMENTS

	Note	Year ended 31st December			Six months ended 30th June	
		2008	2009	2010	2010	2011
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
					(Unaudited)	
Turnover .....	5	7,946	8,331	8,871	4,209	4,665
Cost of sales .....	6	(2,125)	(2,228)	(2,261)	(955)	(1,088)
Gross profit .....		5,821	6,103	6,610	3,254	3,577
Administrative expenses .....		(685)	(768)	(911)	(477)	(407)
Other operating expenses .....		(101)	(108)	(135)	(72)	(65)
Other net gains .....	7	56	164	924	548	26
Change in fair value of investment properties .....		358	14,407	20,480	4,855	17,553
Impairment (losses)/reversal on hotel and trading properties .....		(78)	(296)	1	—	2
Operating profit .....		5,371	19,502	26,969	8,108	20,686
Finance charges .....		(1,180)	(1,251)	(1,264)	(687)	(761)
Finance income .....		63	141	27	7	10
Net finance charges .....	11	(1,117)	(1,110)	(1,237)	(680)	(751)
Share of profits less losses of jointly controlled companies .....		76	12	1,461	994	706
Share of profits less losses of associated companies .....		131	174	225	80	71
Profit before taxation .....		4,461	18,578	27,418	8,502	20,712
Taxation .....	12	(961)	(1,225)	(1,324)	(687)	(643)
Profit for the period .....		3,500	17,353	26,094	7,815	20,069
Profit for the period attributable to:						
The Company's shareholder .....	37	3,268	17,257	26,045	7,792	20,023
Non-controlling interests .....	38	232	96	49	23	46
		3,500	17,353	26,094	7,815	20,069
Dividends						
Interim - paid .....		1,214	25	1	1	—
Final - proposed .....		1,752	—	2,425	—	—
	14	2,966	25	2,426	1	—
Earnings per share for profit attributable to the Company's shareholder (basic and diluted) .	15	HK\$0.60	HK\$3.14	HK\$4.58	HK\$1.37	HK\$3.52

## B) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Profit for the period.....	<u>3,500</u>	<u>17,353</u>	<u>26,094</u>	<u>7,815</u>	<u>20,069</u>
Other comprehensive income					
Revaluation of property previously occupied by the Group					
- gain recognised during the period .....	—	—	1,448	837	34
Share of other comprehensive income of jointly controlled and associated companies .....	(3)	7	132	2	120
Net translation differences on foreign operations.....	<u>342</u>	<u>53</u>	<u>441</u>	<u>81</u>	<u>315</u>
Other comprehensive income for the period, net of tax.....	<u>339</u>	<u>60</u>	<u>2,021</u>	<u>920</u>	<u>469</u>
Total comprehensive income for the period.....	<u>3,839</u>	<u>17,413</u>	<u>28,115</u>	<u>8,735</u>	<u>20,538</u>
Total comprehensive income attributable to:					
The Company's shareholder.....	3,574	17,317	28,063	8,712	20,491
Non-controlling interests .....	<u>265</u>	<u>96</u>	<u>52</u>	<u>23</u>	<u>47</u>
	<u>3,839</u>	<u>17,413</u>	<u>28,115</u>	<u>8,735</u>	<u>20,538</u>

Items shown within other comprehensive income have no tax effect.

## C) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31st December			As at
		2008	2009	2010	30th June
		HK\$M	HK\$M	HK\$M	2011
				HK\$M	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment.....	16	9,046	5,493	6,333	6,615
Investment properties.....	17	134,069	154,098	178,985	198,520
Leasehold land and land use rights .....	18	6	6	6	6
Intangible assets .....	19	193	189	187	187
Properties held for development .....	26	471	441	443	659
Jointly controlled companies.....	22	6,735	7,030	10,940	11,993
Associated companies .....	21	901	1,045	705	737
Available-for-sale assets .....	23	7	7	7	9
Deferred tax assets .....	34	46	116	94	75
Retirement benefit assets .....	25	52	60	83	96
		151,526	168,485	197,783	218,897
<b>Current assets</b>					
Properties under development and for sale .....	26	2,153	3,310	5,554	5,733
Stocks and work in progress .....	27	49	56	59	62
Trade and other receivables .....	28	995	1,311	1,168	1,468
Amount due from immediate holding company.....	33	—	167	106	139
Cash and cash equivalents .....	29	1,319	1,066	1,042	1,125
		4,516	5,910	7,929	8,527
<b>Total assets</b> .....		<u>156,042</u>	<u>174,395</u>	<u>205,712</u>	<u>227,424</u>
<b>EQUITY</b>					
Share capital.....	36	1,720	5,690	5,690	5,690
Reserves .....	37	108,585	124,125	152,187	170,253
<b>Equity attributable to the Company's shareholder</b> .....		110,305	129,815	157,877	175,943
<b>Non-controlling interests</b> .....	38	1,068	424	479	522
<b>TOTAL EQUITY</b> .....		<u>111,373</u>	<u>130,239</u>	<u>158,356</u>	<u>176,465</u>

	Note	As at 31st December			As at
		2008	2009	2010	30th June
		HK\$M	HK\$M	HK\$M	2011
					HK\$M
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Long-term loans .....	35	2,748	3,280	1,582	5,753
Deferred tax liabilities.....	34	2,285	3,267	3,900	4,215
Amount due to a fellow subsidiary company					
- Swire Finance Limited.....	32	—	—	26,974	27,436
		5,033	6,547	32,456	37,404
<b>Current liabilities</b>					
Trade and other payables .....	30	4,146	5,207	5,199	6,107
Taxation payable.....		249	149	379	580
Bank overdrafts and short-term loans.....	31	967	949	991	921
Long-term loans due within one year.....	35	—	—	3,103	273
Amount due to fellow subsidiary companies .....	32	30,410	31,304	5,228	5,674
Amount due to immediate holding company					
- Swire Pacific Limited .....	33	3,864	—	—	—
		39,636	37,609	14,900	13,555
<b>Total liabilities .....</b>		<b>44,669</b>	<b>44,156</b>	<b>47,356</b>	<b>50,959</b>
<b>Total equity and liabilities .....</b>		<b>156,042</b>	<b>174,395</b>	<b>205,712</b>	<b>227,424</b>
<b>Net current liabilities .....</b>		<b>(35,120)</b>	<b>(31,699)</b>	<b>(6,971)</b>	<b>(5,028)</b>
<b>Total assets less current liabilities .....</b>		<b>116,406</b>	<b>136,786</b>	<b>190,812</b>	<b>213,869</b>



## D) COMPANY STATEMENTS OF FINANCIAL POSITION

	Note	As at 31st December			As at
		2008	2009	2010	30th June
		HK\$M	HK\$M	HK\$M	2011
					HK\$M
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment.....	16	44	37	88	78
Intangible assets .....	19	9	6	5	5
Subsidiary companies .....	20	31,063	30,836	36,430	38,470
Associated companies .....	21	171	175	179	180
Jointly controlled companies.....	22	1,404	1,312	515	502
Retirement benefit assets .....	25	45	59	79	89
		<u>32,736</u>	<u>32,425</u>	<u>37,296</u>	<u>39,324</u>
<b>Current asset</b>					
Trade and other receivables .....	28	74	51	58	31
Cash and cash equivalents .....	29	2	4	285	156
Amount due from immediate holding company.....	33	—	167	—	—
Taxation recoverable.....		3	—	—	—
		<u>79</u>	<u>222</u>	<u>343</u>	<u>187</u>
<b>Total assets</b> .....		<u>32,815</u>	<u>32,647</u>	<u>37,639</u>	<u>39,511</u>
<b>EQUITY</b>					
Share capital.....	36	612	4,582	5,690	5,690
Reserves .....	37	26,568	26,762	29,253	30,481
<b>Equity attributable to the Company's shareholder</b> .....		<u>27,180</u>	<u>31,344</u>	<u>34,943</u>	<u>36,171</u>
<b>TOTAL EQUITY</b> .....		<u>27,180</u>	<u>31,344</u>	<u>34,943</u>	<u>36,171</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables .....	30	1,769	1,292	2,691	3,318
Taxation payable.....		—	11	1	19
Amount due to immediate holding company .....	33	3,864	—	—	—
		<u>5,633</u>	<u>1,303</u>	<u>2,692</u>	<u>3,337</u>
<b>Non-current liability</b>					
Deferred tax liability .....	34	2	—	4	3
<b>Total liabilities</b> .....		<u>5,635</u>	<u>1,303</u>	<u>2,696</u>	<u>3,340</u>
<b>Total equity and liabilities</b> .....		<u>32,815</u>	<u>32,647</u>	<u>37,639</u>	<u>39,511</u>
<b>Net current liabilities</b> .....		<u>(5,554)</u>	<u>(1,081)</u>	<u>(2,349)</u>	<u>(3,150)</u>
<b>Total assets less current liabilities</b> .....		<u>27,182</u>	<u>31,344</u>	<u>34,947</u>	<u>36,174</u>

## E) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to the Company's shareholder					
		Share capital	Revenue reserve	Other reserves	Total	Non-controlling interests	Total equity
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
	Note						
<b>At 1st January 2008</b> .....		1,720	108,391	(514)	109,597	800	110,397
Profit for the year .....		—	3,268	—	3,268	232	3,500
Other comprehensive income .....		—	—	306	306	33	339
Total comprehensive income for the year .....	37	—	3,268	306	3,574	265	3,839
Issuance of shares .....		—	—	—	—	—	—
Dividend paid .....		—	(2,866)	—	(2,866)	(7)	(2,873)
Capital contribution .....		—	—	—	—	10	10
<b>At 31st December 2008</b> .....		<u>1,720</u>	<u>108,793</u>	<u>(208)</u>	<u>110,305</u>	<u>1,068</u>	<u>111,373</u>
<b>At 1st January 2009</b> .....		1,720	108,793	(208)	110,305	1,068	111,373
Profit for the year .....		—	17,257	—	17,257	96	17,353
Other comprehensive income .....		—	—	60	60	—	60
Total comprehensive income for the year .....	37	—	17,257	60	17,317	96	17,413
Issuance of shares .....		3,970	—	—	3,970	—	3,970
Dividend paid .....		—	(1,777)	—	(1,777)	(2)	(1,779)
Capital Contribution .....		—	—	—	—	13	13
Recognition of non-controlling interest put option on Sanlitun Village .....		—	—	—	—	(751)	(751)
<b>At 31st December 2009</b> .....		<u>5,690</u>	<u>124,273</u>	<u>(148)</u>	<u>129,815</u>	<u>424</u>	<u>130,239</u>

		Attributable to the Company's shareholder					
		Share capital	Revenue reserve	Other reserves	Total	Non-controlling interests	Total equity
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
	Note						
<b>At 1st January 2010</b> .....		5,690	124,273	(148)	129,815	424	130,239
Profit for the year .....		—	26,045	—	26,045	49	26,094
Other comprehensive income.....		—	—	2,018	2,018	3	2,021
Total comprehensive income for the year.....	37	—	26,045	2,018	28,063	52	28,115
Dividend paid .....		—	(1)	—	(1)	(8)	(9)
Capital contribution .....		—	—	—	—	11	11
<b>At 31st December 2010</b> .....		<u>5,690</u>	<u>150,317</u>	<u>1,870</u>	<u>157,877</u>	<u>479</u>	<u>158,356</u>
<b>At 1st January 2011</b> .....		5,690	150,317	1,870	157,877	479	158,356
Profit for the period.....		—	20,023	—	20,023	46	20,069
Other comprehensive income.....		—	—	468	468	1	469
Total comprehensive income for the period.....	37	—	20,023	468	20,491	47	20,538
Dividend paid .....		—	(2,425)	—	(2,425)	(4)	(2,429)
Capital contribution .....		—	—	—	—	—	—
<b>At 30th June 2011</b> .....		<u>5,690</u>	<u>167,915</u>	<u>2,338</u>	<u>175,943</u>	<u>522</u>	<u>176,465</u>
(Unaudited):							
<b>At 1st January 2010</b> .....		5,690	124,273	(148)	129,815	424	130,239
Profit for the period.....		—	7,792	—	7,792	23	7,815
Other comprehensive income.....		—	—	920	920	—	920
Total comprehensive income for the period.....	37	—	7,792	920	8,712	23	8,735
Dividend paid .....		—	—	—	—	—	—
Capital contribution .....		—	—	—	—	11	11
<b>At 30th June 2010</b> .....		<u>5,690</u>	<u>132,065</u>	<u>772</u>	<u>138,527</u>	<u>458</u>	<u>138,985</u>

## F) CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31st December			Six months ended 30th June	
		2008	2009	2010	2010	2011
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
(Unaudited)						
<b>Operating activities</b>						
Cash generated from operations ...	42(a)	5,076	5,434	4,753	1,675	3,557
Interest paid.....		(1,525)	(1,471)	(1,469)	(802)	(906)
Interest received .....		63	34	15	7	21
Profits tax paid .....		(271)	(408)	(435)	(138)	(106)
Dividends received from associated companies .....		100	42	48	28	40
<b>Net cash from operating activities .....</b>		<u>3,443</u>	<u>3,631</u>	<u>2,912</u>	<u>770</u>	<u>2,606</u>
<b>Investing activities</b>						
Purchase of property, plant and equipment.....	42(b)	(1,764)	(940)	(507)	(277)	(276)
Additions of investment properties .....		(3,600)	(2,389)	(4,234)	(1,338)	(1,638)
Proceeds from disposals of investment properties.....		—	178	1,213	208	—
Proceeds from disposals of interests in subsidiary companies.....		232	—	—	—	—
Purchase of shareholdings in subsidiary companies .....		—	—	(189)	—	—
Payment of investors' contribution .....		—	—	—	—	(2)
Loans to jointly controlled companies.....		(2,401)	(8)	(681)	(148)	(228)
Purchase of intangible assets.....		(2)	(2)	(3)	(1)	(1)
Purchase of shareholdings in jointly controlled companies .....		—	(282)	(284)	(255)	—
Purchase of shares in PCCW Tower .....		—	—	(1,824)	—	—
Proceeds from disposal of shares in PCCW Tower.....		—	—	1,353	—	—
Repayment of loans from associated companies .....		130	—	—	—	—
Deferred expenditure incurred .....		(74)	(23)	(117)	(15)	(59)
<b>Net cash used in investing activities .....</b>		<u>(7,479)</u>	<u>(3,466)</u>	<u>(5,273)</u>	<u>(1,826)</u>	<u>(2,204)</u>
<b>Net cash (outflow)/inflow before financing activities .....</b>		<u>(4,036)</u>	<u>165</u>	<u>(2,361)</u>	<u>(1,056)</u>	<u>402</u>

	Note	Year ended 31st December			Six months ended 30th June	
		2008	2009	2010	2010	2011
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
(Unaudited)						
<b>Financing activities</b>						
Loans drawn and refinancing .....		3,459	880	1,822	775	1,508
Repayment of loans .....		(3,063)	(365)	(349)	(20)	(240)
	42(c)	396	515	1,473	755	1,268
Proceeds from issuance of ordinary shares .....		—	3,970	—	—	—
Capital contribution from non-controlling interests .....	38	10	13	11	11	—
Increase in amount due to a fellow subsidiary company.....		5,888	890	882	585	853
(Decrease)/increase in amount due to immediate holding company .....		(69)	(4,028)	(11)	89	—
Dividends paid to the Company's shareholder .....	37	(2,866)	(1,777)	(1)	(1)	(2,425)
Dividends paid to non-controlling interests.....	38	(7)	(2)	(8)	—	(4)
<b>Net cash from/(used in) financing activities .....</b>		<u>3,352</u>	<u>(419)</u>	<u>2,346</u>	<u>1,439</u>	<u>(308)</u>
<b>(Decrease)/ Increase in cash and cash equivalents .....</b>		<u>(684)</u>	<u>(254)</u>	<u>(15)</u>	<u>383</u>	<u>94</u>
Cash and cash equivalents at 1st January .....		2,001	1,319	1,066	1,066	1,023
Currency adjustment .....		2	1	(28)	17	(8)
Cash and cash equivalents at 31st December.....		<u>1,319</u>	<u>1,066</u>	<u>1,023</u>	<u>1,466</u>	<u>1,109</u>
<b>Represented by:</b>						
Bank balances and short-term deposits maturing within three months.....	29	1,319	1,066	1,042	1,466	1,125
Bank overdrafts.....		—	—	(19)	—	(16)
		<u>1,319</u>	<u>1,066</u>	<u>1,023</u>	<u>1,466</u>	<u>1,109</u>

**II. NOTES TO THE FINANCIAL INFORMATION****1 General information and basis of presentation**

Swire Properties Limited (the “Company”) and its subsidiary companies (together, the “Group”) is principally engaged in property investment and development, estate management, as well as hotel ownership. The address of its registered office is 33/F, One Pacific Place, 88 Queensway, Hong Kong.

The Financial Information is presented in units of Hong Kong dollars unless otherwise stated.

**2 Summary of significant accounting policies****(a) Changes in accounting policies**

The principal accounting policies applied in the preparation of these accounts are set out below. These policies have been consistently applied to all the years presented, except for the accounting policy on investment properties as stated below. An amendment to Hong Kong Accounting Standard (“HKAS”) 40 Investment Property and HKAS 16 Property, Plant and Equipment was published by the HKICPA in May 2009, which requires investment property under development to be held at fair value rather than at cost where a policy of fair value is adopted for investment properties. The amendment to HKAS 40/HKAS 16 is effective for accounting periods beginning on or after 1st January 2009 and is applied prospectively. The amendment may only be early adopted if the fair values of the investment properties under development can be determined at the relevant earlier dates. In determining those fair values, the standards do not permit the use of hindsight. The Group considers hindsight would have to be used in order to perform the separation of the valuations of certain hotel properties which would be necessary in order to determine the valuation of investment properties under development at the relevant earlier dates. This is because those hotel properties (which were components of certain properties under development) were not valued separately from the other components of those properties under development. As a result of the amendment to HKAS 40/HKAS 16, the Group has recognised a fair value gain of HK\$2,654 million (net of deferred tax) in the consolidated income statement for the year ended 31st December 2009 in respect of investment property previously accounted for as property, plant and equipment. The amendment has also resulted in a decrease in the share of profits less losses in jointly controlled companies for the year ended 31st December 2009 by HK\$56 million.

The significant accounting changes that have impacted the Track Record Period are as follows:

- In December 2010, the IASB/HKICPA amended IAS/HKAS 12, ‘Income taxes’, to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. The revised IAS/HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduced a rebuttable presumption that investment property measured at fair value is recovered entirely by sale. The presumption of recovery entirely by sale is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The effective date for the amendment is annual periods on or after 1st January 2012. As permitted, the Group has early adopted this amendment.

In Hong Kong, land leases can typically be renewed without a payment of a market-based premium which is consistent with their reclassification as finance leases under the amendment to HKAS17. Given this, it is difficult to assert with a high degree of confidence that the Group would consume substantially all of the economic benefits embodied in the investment property over time. Consequently, as required by the amendment, the Group re-measured the deferred tax relating to these investment properties based on the presumption that they are recovered entirely by sale as if this new policy had always been applied. The tax consequences in Hong Kong of a sale of the investment property or of the entity owning the investment property are not significantly different.

In Mainland China, the tax consequences of a sale of the investment property or of the entity owning the investment property may be different. The Group's business model is that the entity owning the investment property will recover the value through use and on this basis the presumption of sale has been rebutted. Consequently, the Group has continued to recognise deferred taxes on the basis that the value of investment property is recovered through use.

- On 25th January 2010, the Group acquired all the shares of Swire Properties US Inc and Swire Properties One LLC, which were wholly-owned subsidiaries of the immediate holding company of the Company, and all the outstanding related loan notes of Swire Properties US Inc from the immediate holding company for a total consideration of HK\$1,108,132,451, which was satisfied by an issue of 1,108,132,451 new shares by the Company at par on the same date.

The Group has adopted merger accounting to account for the above transactions in accordance with Accounting Guidance 5, Merger Accounting for Common Control combinations, as issued by the HKICPA. The financial information incorporates the financial positions and results of the entities acquired in the above as if the entities had been consolidated from the date when these entities first came under the control of the immediate holding company.

The net assets of the entities acquired from the immediate holding company were consolidated using the existing book values recorded by the immediate holding company. No amount was recognised for goodwill or the excess of the Company's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combinations, to the extent of the continuation of the immediate holding company's interest.

***(b) Basis of preparation***

The accounts have been prepared in accordance with HKFRS. The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain investment properties, the non-controlling interest put option and available-for-sale assets, which are carried at fair value.

The preparation of accounts in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the accounts, are disclosed in note 4.

As at 31st December 2008, 2009, 2010 and 30th June 2011, the Group had net current liabilities of HK\$35,120 million, HK\$31,699 million, HK\$6,971 million and HK\$5,028 million respectively and the Company had net current liabilities of HK\$5,554 million, HK\$1,081 million, HK\$2,349 million and HK\$3,150 million respectively. The current liabilities mainly comprise amounts due to an immediate holding company and a fellow subsidiary, bank overdraft and short term loans and trade and other payables.

The Directors have prepared cash flow projections for the next 12 months from the date of this report. Based on these cash flow projections, the Directors believe the Group will continue as a going concern and consequently have prepared the Financial Information on a going concern basis.

- (i) Up to the date of this report, the HKICPA has issued the following new standards and amendments to standards which are mandatory for the first time for the financial year beginning on or after 1st January 2011.
- HKAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes HKAS 24, 'Related party disclosures', issued in 2003. HKAS 24 (revised) is mandatory for periods beginning on or after 1st January 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The revised standard was applied by the Group as from 1st January 2011 and has not had a significant impact on the Group's consolidated financial information.
  - Amendment to HKAS 1, 'Presentation of financial statements'. The amendment clarifies that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The amendment is mandatory for periods beginning on or after 1st January 2011. Early adoption is permitted. The Group applied the amendment on 1st January 2011 and it does not have any impact on the Group's consolidated financial information.
- (ii) The following new standards, amendments and interpretations have been issued by HKICPA which are relevant to the Group's operations but are not yet effective for the annual accounting period beginning 1st January 2011 and which have not been early adopted by the Group:
- HKAS 19, 'Employee benefits' was amended in June 2011. The impact on the Group will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group is yet to assess the full impact of the amendments.
  - HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value



and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess the full impact and intends to adopt HKFRS 9 no later than the accounting period beginning on or after 1st January 2013.

- HKFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess the full impact and intends to adopt HKFRS 10 no later than the accounting period beginning on or after 1st January 2013.
- HKFRS 11 'Joint Arrangements', this standard provides guidance on what constitutes a joint arrangement by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group is yet to assess the full impact and intends to adopt HKFRS 11 no later than the accounting period beginning on or after 1st January 2013.
- HKFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess the full impact and intends to adopt HKFRS 12 no later than the accounting period beginning on or after 1st January 2013.
- HKFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The Group is yet to assess the full impact and intends to adopt HKFRS 13 no later than the accounting period beginning on or after 1st January 2012.
- HKFRS 7 (Amendment) 'Disclosures — Transfers of financial assets' introduces new disclosure requirement on transfers of financial assets. Disclosure is required by class of asset of the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's

balance sheet. The gain or loss on the transferred assets and any retained interest in those assets must be given. In addition, other disclosures must enable users to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. The disclosures must be presented by type of ongoing involvement. For example, the retained exposure could be presented by type of financial instrument (such as guarantees, call or put options), or by type of transfer (such as factoring of receivables, securitisations or securities lending). The amendment is applicable to annual periods beginning on or after 1st July 2011 with early adoption permitted.

- There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

*(c) Basis of consolidation*

The consolidated accounts incorporate the accounts of Swire Properties Limited, its subsidiary companies (together referred to as the “Group”) and the Group’s interests in jointly controlled and associated companies.

*(d) Subsidiary companies*

Subsidiary companies are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Other than the acquisition of Swire Properties US Inc and Swire Properties One LLC which, as set out in this section, have been accounted for using the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets.

Investments in subsidiary companies are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. Income from subsidiary companies is accounted for by the Company on the basis of dividends received and receivable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group’s share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary company acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests where control is not lost are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, jointly controlled company or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Where the Group enters into a contract that contains an obligation (for example a written put option exercisable by the contract counterparty) to acquire shares in a partly-owned subsidiary company from the non-controlling interest, which is not part of a business combination, the Group records a financial liability for the present value of the redemption amount and eliminates the value of the non-controlling interest. Changes to the value of the financial liability are recognised in the income statement within finance income or finance costs.

Long-term loans to subsidiary companies are considered to be quasi-equity in nature where there are no defined repayment terms and no historical repayment of the balances.

*(e) Jointly controlled and associated companies*

Jointly controlled companies are those companies held for the long-term, over which the Group is in a position to exercise joint control with other venturers in accordance with contractual arrangements, and where none of the participating parties has unilateral control over the economic activity of the joint venture.

Associated companies are those companies over which the Group has significant influence but not control or joint control, over their management including participation in the financial and operating policy decisions, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in jointly controlled and associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The excess of the cost of investment in jointly controlled and associated companies over the fair value of the Group's share of the identifiable net assets acquired represents goodwill. The Group's investments in jointly controlled and associated companies include goodwill identified on acquisitions, net of any accumulated impairment loss.

The Group's share of its jointly controlled and associated companies' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in the consolidated statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses equals or exceeds its interest in the jointly controlled or associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled or associated company.

The Group recognises the disposal of an interest in a jointly controlled company when it ceases to have joint control and the risks and rewards of ownership have passed to the acquirer.

If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Unrealised gains on transactions between the Group and its jointly controlled and associated companies are eliminated to the extent of the Group's interest in these companies. Unrealised losses on assets transferred between the Group and its jointly controlled and associated companies are also eliminated unless the transactions provide evidence of impairment of the assets transferred. Accounting policies of jointly controlled and associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associated companies are recognised in the consolidated income statement.

In the Company's statement of financial position, its investments in jointly controlled and associated companies are stated at cost less provision for any impairment losses. Income from jointly controlled and associated companies is recognised by the Company on the basis of dividends received and receivable.

Long-term loans to jointly controlled and associated companies are considered to be quasi-equity in nature, where there are no defined repayment terms and no historical repayment of the balances.

**(f) *Foreign currency translation***

*(i) Functional and presentation currency*

Items included in the accounts of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated accounts are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of

monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges or qualifying net investment hedges.

When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any associated translation difference is recognised directly in other comprehensive income. When a gain or loss on a non-monetary item is recognised in the income statement, any associated translation difference is also recognised in the income statement.

*(iii) Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

*(g) Investment properties*

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises leasehold land and buildings held under finance leases. Land held under operating or finance leases is classified and accounted for as investment property when the rest of the definition of investment property is met.

Investment properties (including those under construction) are carried at fair value and are valued at least annually. The significant majority of investment properties are valued by independent valuers. The valuations are performed in accordance with the Valuation Standards on Properties issued by the Hong Kong Institute of Surveyors and are on an open market basis, related to individual properties, and separate values are not attributed to land and buildings. Land and buildings that are being developed for future use as investment properties and investment properties that are being

redeveloped for continuing use as investment properties are measured at fair value and included as under construction. Changes in fair values are recognised in the income statement. The change in accounting policies in relation to investment properties is detailed in note 2(a).

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

***(h) Property, plant and equipment***

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Leasehold land can be classified as held under finance lease and recorded as property, plant and equipment if the lessee is exposed to substantially all the risks and rewards of ownership of that piece of land. Leasehold land is depreciated over the lease term.

On the transfer of owner occupied property to investment property increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as property revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against property revaluation reserve directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement, and depreciation based on the asset's original cost is transferred from 'property revaluation reserve' to 'revenue reserve'.

With the exception of freehold land, all other property, plant and equipment are depreciated at rates sufficient to write off their original costs to estimated residual values using the straight-line method over their anticipated useful lives in the following manner:

Leasehold land	Over term of lease
Properties	2% to 5% per annum
Plant and equipment	20% to 33 1/3% per annum

The assets' expected useful lives and residual values are regularly reviewed and adjusted, if appropriate, at each period-end date to take into account operational experience and changing circumstances.

At each period-end date, both internal and external sources of information are considered to assess whether there is any indication that the assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the income statement. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other net gains/(losses)' in the income statement. When revalued assets are sold, the amounts included in the property revaluation reserve are transferred to revenue reserve.

(i) *Intangible assets*

(i) *Goodwill*

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, jointly controlled and associated companies at the date of acquisition. Goodwill is treated as an asset of the entity acquired and where attributable to a foreign entity will be translated at the closing rate.

Goodwill on acquisition of a subsidiary company is included in intangible assets. Goodwill on acquisitions of associated and jointly controlled companies is included in investments in associated and jointly controlled companies respectively.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing, which is performed annually. Impairment losses recognised on goodwill are not reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) *Computer software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software costs recognised as assets are amortised over their estimated useful lives.

**(j) Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation. These assets are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**(k) Financial assets**

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

**(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the period-end date where these are classified as non-current assets. See also policy for trade and other receivables (note 2(o)).

**(ii) Available-for-sale assets**

Available-for-sale assets are non-derivative investments and other assets that are either designated in this category or not classified in any of the other categories. Available-for-sale investments are included in non-current assets unless management intends to dispose of the investment within 12 months of the period-end date.

Purchases and sales of financial assets are recognised on their trade-date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Unrealised gains and losses arising from changes in the fair value of available-for-sale assets are recognised in other comprehensive income. When available-for-sale assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investments.

The fair value of financial instruments traded in active markets (such as available-for-sale investments) are based on quoted market prices at the period-end date. The quoted market price used for financial assets held by the Group is the current bid price.



The Group assesses at each period-end date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

***(l) Initial leasing costs***

Expenditure incurred in leasing the Group's property during construction is deferred and amortised on a straight-line basis to the income statement upon occupation of the property over a period not exceeding the terms of the lease.

***(m) Stocks and work in progress***

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost represents average unit cost and net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses. The costs of finished goods and work in progress comprise direct material and labour costs and an appropriate proportion of production overhead expenses less provisions for foreseeable losses.

***(n) Properties under/held for development and properties for sale***

Properties under/held for development and properties for sale comprise freehold and leasehold land, construction costs and interest costs capitalised, less provisions for possible losses. Properties held for development are not expected to be sold within the Group's normal operating cycle and are classified as non-current assets. Properties under development are expected to be sold within the Group's normal operating cycle and are classified as current assets. Properties for sale are available for immediate sale and are classified as current assets.

***(o) Trade and other receivables***

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Trade and other receivables in the statement of financial position are stated net of such provisions.

***(p) Cash and cash equivalents***

In the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, amounts repayable on demand from banks and financial institutions and short-term highly liquid investments which were within three months of maturity when acquired, less bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

**(q) Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the initiation of the borrowings, including fees and commission paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated either at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the period-end date.

For disclosure purposes, the fair value of borrowings stated at amortised cost is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

**(r) Borrowing costs**

Interest costs incurred are charged to the income statement except for those interest charges attributable to the acquisition, construction or production of qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale) which are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

**(s) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Receipts or payments made under operating leases (net of any incentives paid to lessees or received from the lessors) are recognised as income or expense in the income statement on a straight-line basis over the period of the lease.

**(t) Guarantees**

Financial guarantees are initially recognised in the accounts at fair value on the date the guarantee was given. Subsequent to initial recognition, the liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned on a straight line basis over the life of the guarantee, and the best estimate of the expenditure required to settle any financial obligation arising at the period-end date. Any increase in the liability relating to guarantees is taken to the income statement.

**(u) Deferred taxation**

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the recognition has no impact on taxable nor accounting profit or loss, it is not recognised. Tax rates enacted or substantially enacted by the period-end date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiary, jointly controlled and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

**(v) Revenue recognition**

Provided the collectability of the related receivable is reasonably assured, revenue is recognised as follows:

- (i) Rental income is recognised on a straight-line basis over the shorter of (i) the remaining lease term, (ii) the period to the next rent review date and (iii) the period from the commencement date of the lease to the first break option date (if any), exclusive of any turnover rent (if applicable) and other charges and reimbursements (if any). Where the lease includes a rent-free period, the rental income foregone is allocated evenly over the shortest lease term. Turnover rent is recognised when earned.
- (ii) Sales of properties are recognised when effective control of ownership of the properties is transferred to the buyers.
- (iii) Sales of services, including services provided by hotel operations, are recognised when the services are rendered.
- (iv) Interest income is recognised on a time-proportion basis using the effective interest method.

**(w) Retirement benefits**

The Group operates both defined benefit and defined contribution retirement benefit schemes for its employees, the assets of which are generally held in separate trustee-administered funds. The schemes are generally funded by payments from the Group companies and, in some cases, employees themselves, taking account of the recommendations of independent qualified actuaries.

A defined benefit plan is a retirement plan that defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to the defined contribution scheme are charged to the income statement in the period to which the contributions relate.

For the defined benefit schemes, retirement benefit costs are assessed using the projected unit credit method. Under this method, the cost of providing retirement benefits is charged to the income statement so as to spread the regular cost over the service lives of employees. The retirement benefit obligation is measured at the present value of the estimated future cash outflows. Plan assets are measured at fair value. Cumulative unrecognised net actuarial gains and losses at the previous financial year-end, to the extent that the amount is in excess of 10% of the greater of the present value of the defined benefit obligations and the fair value of the plan assets, are recognised over the expected average remaining working lives of the employees participating in the plan. A subsidiary company may adopt any systematic method that results in faster recognition of actuarial gains and losses, provided the same basis is applied consistently from period to period. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested.

**(x) Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**(y) Dividend distribution**

Dividend distribution to the Company's shareholder is recognised as a liability in the Group's accounts in the period in which the dividends are approved by the Company's shareholder.

**(z) Government grants**

Grants from government are recognised where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants related to assets are deducted from the carrying amount of the asset.

**(aa) Segment Reporting**

Operating segments are reported in a manner consistent with the Group's internal financial reporting provided to the board of directors for making strategic decisions. For disclosure purposes, a reportable segment comprises either one or more operating segments which can be aggregated together because they share similar economic characteristics or single operating segments which are disclosable separately because they cannot be aggregated or because they exceed certain quantitative thresholds.

### 3 FINANCIAL RISK MANAGEMENT

#### (a) Financial risk factors

The Group is exposed to financial risks attributable to cash flow interest rate, credit and liquidity. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the Board of Directors of the Group in conjunction with policies approved by the Board of Directors of its immediate holding company. The Board of Directors identify and evaluate financial risks and maintain and develop the Group's financial risk management policies and procedures which are implemented by the Group.

#### (i) Interest rate exposure

The Group's interest rate risk arises mainly from borrowings from banks and a fellow subsidiary. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose to the Group to fair value interest rate risk. The Group earns interest income on cash deposits and loans due from jointly controlled companies.

The Group did not enter into interest rate swap contracts. The Group manages its interest rate risk by closely monitoring the movement of interest rates and the parent company of the Company uses interest rate swaps to manage the long-term interest rate exposure on behalf of the Company. The effects of these interest rate swaps are reflected in the intercompany interest charged.

The impact on the Group's income statement of a 100 basis-points increase or decrease in market interest rates from the rates applicable at 31st December and 30th June, with all other variables held constant, would have been:

	<b>100 basis-points increase in interest rates</b>	<b>100 basis-points decrease in interest rates</b>
	<b>HK\$M</b>	<b>HK\$M</b>
At 31st December 2008		
Impact on income statement: (loss)/gain.....	<u>(128)</u>	<u>128</u>
At 31st December 2009		
Impact on income statement: (loss)/gain.....	<u>(107)</u>	<u>107</u>
At 31st December 2010		
Impact on income statement: (loss)/gain.....	<u>(131)</u>	<u>131</u>
At 30th June 2010		
Impact on income statement: (loss)/gain.....	<u>(116)</u>	<u>116</u>
At 30th June 2011		
Impact on income statement: (loss)/gain.....	<u>(152)</u>	<u>152</u>

The analysis is based on a hypothetical situation, as in practice market interest rates rarely change in isolation, and should not be considered a projection of likely future profits or losses. The analysis assumes the following:

- Changes in market interest rates affect the interest income or expense of floating rate financial instruments
- Changes in market interest rates only affect interest income or expense in relation to fixed rate financial instruments if these are recognised at fair value
- All other financial assets and liabilities are held constant

*(ii) Currency exposure*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars and Renminbi. Foreign exchange risk arises from the foreign currency denomination of commercial transactions, assets and liabilities, and net investments in foreign operations. The Group has no significant direct exposure to foreign currencies as these are managed by a fellow subsidiary. Indirectly through the borrowings from its fellow subsidiary, the Group hedges highly probable transactions in each major currency where their value or time to execution gives rise to a significant currency exposure, provided that the cost of the foreign exchange forward or derivative contract is not prohibitively expensive having regard to the underlying exposure.

As at 31st December 2008, 2009, 2010 and for the six months ended 30th June 2011, the Group had (though borrowings from its fellow subsidiary) hedged its significant foreign currency funding exposures. Exposure arising from the Group's investments in operating subsidiaries with net assets denominated in foreign currencies is reduced, where practical, by providing funding in the same currency.

Foreign currency funding and deposit exposure are monitored on a continuous basis. On a quarterly basis, sensitivity testing is performed by varying forecast foreign exchange rates. The interest charged on the Group's borrowings from its fellow subsidiary reflects, among other things, the Group's proportionate share of the relevant currency hedging costs or savings. Otherwise, currently the Group does not engage in hedging activities designed or intended to manage currency risk.

*(iii) Credit exposure*

The Group's credit risk is mainly attributable to trade debtors, deposits with financial institutions, receivables from jointly controlled companies and associated companies. The exposure to these credit risks is closely monitored on an ongoing basis by established credit policies. For financial institutions, only independently rated parties with good credit ratings are accepted. Tenants are assessed and rated based on their credit quality, taking into account their financial position, past experience and other factors. The Group does not grant credit terms to its retail customers. The Group also holds rental deposits as security against trade debtors. In addition, the Group and the Company monitor the exposure to credit risk in respect of the financial assistance provided to subsidiaries, jointly controlled companies and associated companies through exercising control or significant influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

*(iv) Liquidity exposure*

The Group takes liquidity risk into consideration when deciding its sources of funds and their respective tenors. The tables below analyse the contractual undiscounted cash flows of the Group's and the Company's financial liabilities by relevant maturity groupings based on the remaining period from the period-end date to the earliest date the Group and the Company can be required to pay:

## Group

At 31st December 2008

	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Trade creditors ...	30	523	523	523	—	—	—
Amount due to intermediate holding company .....	30	101	101	101	—	—	—
Amount due to a fellow subsidiary company .....	32	30,410	30,410	30,410	—	—	—
Amount due to immediate holding company .....	30, 33	3,965	3,965	3,965	—	—	—
Interest-bearing advance from an associated company .....	30	151	151	151	—	—	—
Advances from non-controlling interest .....	30	192	192	192	—	—	—
Rental deposits from tenants....	30	1,544	1,641	321	384	719	217
Other payables....	30	1,534	1,534	1,534	—	—	—
Borrowings (including interest obligations).....	31, 35	3,715	4,230	1,210	227	2,793	—
		<u>42,135</u>	<u>42,747</u>	<u>38,407</u>	<u>611</u>	<u>3,512</u>	<u>217</u>

Group

At 31st December 2009

	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Trade creditors ...	30	412	412	412	—	—	—
Amount due to intermediate holding company .....	30	67	67	67	—	—	—
Amount due to a fellow subsidiary company .....	32	31,304	31,304	31,304	—	—	—
Amount due to immediate holding company .....	30, 33	103	103	103	—	—	—
Interest-bearing advance from an associated company .....	30	149	149	149	—	—	—
Advances from minority interests .....	30	211	211	211	—	—	—
Rental deposits from tenants....	30	1,620	1,690	431	407	686	166
Other payables....	30	1,955	1,955	1,955	—	—	—
Non-controlling interest put option .....	30	690	690	690	—	—	—
Borrowings (including interest obligations).....	31, 35	4,229	4,476	832	2,982	662	—
		<u>40,740</u>	<u>41,057</u>	<u>36,154</u>	<u>3,389</u>	<u>1,348</u>	<u>166</u>



Group  
At 31st December 2010

	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Trade creditors ...	30	544	544	544	—	—	—
Amount due to intermediate holding company .....	30	99	99	99	—	—	—
Amount due to a fellow subsidiary company .....	32	32,202	32,202	5,228	7,128	3,800	16,046
Interest-bearing advance from an associated company .....	30	149	149	149	—	—	—
Advances from non-controlling interests .....	30	214	214	214	—	—	—
Rental deposits from tenants....	30	1,810	1,912	441	349	842	280
Other payables....	30	1,705	1,705	1,705	—	—	—
Non-controlling interest put option .....	30	678	678	678	—	—	—
Borrowings (including interest obligations).....	31, 35	5,676	6,026	4,310	169	1,547	—
		<u>43,077</u>	<u>43,529</u>	<u>13,368</u>	<u>7,646</u>	<u>6,189</u>	<u>16,326</u>

Group  
At 30th June 2011

	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Trade creditors ...	30	457	457	457	—	—	—
Amount due to intermediate holding company .....	30	66	66	66	—	—	—
Amount due to fellow subsidiary companies .....	32	33,110	33,110	5,674	10,434	5,642	11,360
Interest-bearing advance from an associated company .....	30	149	149	149	—	—	—
Advances from non-controlling interests .....	30	217	217	217	—	—	—
Rental deposits from tenants....	30	1,919	2,053	412	363	901	377
Other payables....	30	2,256	2,256	2,256	—	—	—
Non-controlling interest put option .....	30	818	818	818	—	—	—
Borrowings (including interest obligations).....	31, 35	6,947	7,968	1,561	689	5,718	—
Interest-bearing advance from jointly controlled Company .....	30	225	225	225	—	—	—
		<u>46,164</u>	<u>47,319</u>	<u>11,835</u>	<u>11,486</u>	<u>12,261</u>	<u>11,737</u>

**APPENDIX I**
**ACCOUNTANT'S REPORT**

Company  
At 31st December 2008

	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Trade creditors ...	30	75	75	75	—	—	—
Amount due to immediate holding company .....	30, 33	3,965	3,965	3,965	—	—	—
Amounts due to subsidiary companies .....	30	1,405	1,405	1,405	—	—	—
Interest-bearing advance from an associated company .....	30	151	151	151	—	—	—
Other payables....	30	37	37	37	—	—	—
		<u>5,633</u>	<u>5,633</u>	<u>5,633</u>	<u>—</u>	<u>—</u>	<u>—</u>

Company  
At 31st December 2009

	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Trade creditors ...	30	20	20	20	—	—	—
Amount due to intermediate holding company .....	30	66	66	66	—	—	—
Amount due to immediate holding company .....	30	103	103	103	—	—	—
Amounts due to subsidiary companies .....	30	924	924	924	—	—	—
Interest-bearing advance from an associated company .....	30	149	149	149	—	—	—
Other payables....	30	30	30	30	—	—	—
		<u>1,292</u>	<u>1,292</u>	<u>1,292</u>	<u>—</u>	<u>—</u>	<u>—</u>

**APPENDIX I**
**ACCOUNTANT'S REPORT**

Company  
At 31st December 2010

	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Trade creditors ...	30	15	15	15	—	—	—
Amount due to intermediate holding company .....	30	99	99	99	—	—	—
Amounts due to subsidiary companies .....	30	2,386	2,386	2,386	—	—	—
Interest-bearing advances from an associated company .....	30	149	149	149	—	—	—
Other payables....	30	42	42	42	—	—	—
		<u>2,691</u>	<u>2,691</u>	<u>2,691</u>	<u>—</u>	<u>—</u>	<u>—</u>

Company  
At 30th June 2011

	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Trade creditors ...	30	4	4	4	—	—	—
Amounts due to subsidiary companies .....	30	3,106	3,106	3,106	—	—	—
Interest-bearing advances from an associated company .....	30	149	149	149	—	—	—
Other payables....	30	59	59	59	—	—	—
		<u>3,318</u>	<u>3,318</u>	<u>3,318</u>	<u>—</u>	<u>—</u>	<u>—</u>

**(b) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to operate as a going concern, so that it can continue to provide returns for shareholders and benefits to other stakeholders, and to secure access to finance at a reasonable cost.

The Group considers a number of factors in monitoring its capital structure, which principally include the gearing ratio, cash interest cover and the return cycle of its various investments. For the purpose of the gearing ratio, the Group defines net debt as total borrowings less short-term deposits and bank balances. Capital comprises total equity, as shown in the consolidated statement of financial position.

In order to maintain or adjust the gearing ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, raise new debt financing or sell assets to reduce debt. The gearing ratios at 31st December 2008, 2009, 2010 and 30th June 2011 were as follows:

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
				HK\$M
Total borrowings.....	37,989	35,533	37,878	40,057
Less: Short-term deposits and bank balances.....	(1,319)	(1,066)	(1,042)	(1,125)
Net debt.....	36,670	34,467	36,836	38,932
Total equity .....	111,373	130,239	158,356	176,465
Gearing ratio.....	33%	26%	23%	22%

**(c) Fair value estimation**

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements used in preparing the accounts are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, inevitably, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

**(a) Estimates of fair value of investment properties**

DTZ Debenham Tie Leung ("DTZ"), an independent property valuer, was engaged to carry out an independent valuation of the major portion of the Group's investment property portfolio as at 31st December 2008, 2009, 2010 and as at 30 June 2011. These valuations was carried out in accordance

with the Valuation Standards on Properties issued by the Hong Kong Institute of Surveyors, which define market value as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties each acted knowledgeably, prudently and without compulsion”.

DTZ has derived the valuation of the Group’s completed investment property portfolio by capitalising the rental income derived from existing tenancies with due provision for reversionary income potential and by making reference to recent comparable sales transactions as available in the relevant property market. They make assumptions principally in respect of open market rents and yields.

DTZ has derived the valuation of the Group’s investment properties under construction by making reference to recent comparable sales transactions as available in the relevant property market (on the assumption it had already been completed at the valuation date), and has also taken into account the construction cost already incurred as well as the estimated costs to be incurred to complete the project. Where the valuation is prepared based on the assumption that the property’s title certificate has been received but this is not the case, the Group has made an estimate of the future land costs and deducted from the valuation.

Management has reviewed the DTZ valuation and compared it with its own assumptions, with reference to comparable sales transaction data where such information is available, and has concluded that the DTZ valuation of the Group’s investment property portfolio is reasonable.

In accordance with an amendment to HKAS40 and HKAS16, the Group’s investment properties under development have been held at fair value rather than at cost from the year ended 31st December 2009. Prior to the amendment to HKAS 40 and HKAS 16, land and buildings being developed for future use as investment properties were carried at cost less impairment rather than at fair value.

**(b) Impairment of assets**

The Group tests at least annually whether goodwill and other assets that have indefinite useful lives have suffered any impairment. Assets, including land and properties not held at fair value, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is determined using fair value less costs to sell or value-in-use calculations as appropriate.

**(c) Income taxes**

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations relating to the Group’s ordinary business activities for which the ultimate tax determination is uncertain. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the year in which the outcomes become known.

## 5 TURNOVER

Turnover represents sales by the Company and its subsidiary companies to external customers and fellow subsidiary companies and comprises revenue from:

## Group:

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
				(Unaudited)	
Gross rental income from investment properties .....	6,828	7,433	7,875	3,902	4,176
Property trading .....	889	643	400	52	99
Hotels .....	156	172	518	215	343
Rendering of services.....	73	83	78	40	47
	<u>7,946</u>	<u>8,331</u>	<u>8,871</u>	<u>4,209</u>	<u>4,665</u>

## 6 COST OF SALES

The following table illustrates the cost of sales for the year:

## Group:

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
				(Unaudited)	
Direct rental outgoings in respect of investment properties.....	(1,242)	(1,363)	(1,422)	(651)	(701)
Property trading .....	(648)	(499)	(267)	(37)	(73)
Hotels .....	(200)	(332)	(543)	(251)	(294)
Rendering of services.....	(35)	(34)	(29)	(16)	(20)
	<u>(2,125)</u>	<u>(2,228)</u>	<u>(2,261)</u>	<u>(955)</u>	<u>(1,088)</u>

## 7 OTHER NET GAINS

## Group:

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
				(Unaudited)	
Profit on sale of non-trading properties .....	—	131	544	544	—
Remeasurement gains and profit on disposal relating to the change of shareholding in PCCW Tower .....	—	—	342	—	—
Net foreign exchange losses .....	(26)	(3)	(2)	—	(3)
Forfeited deposit on sales of trading properties .....	27	29	—	—	—
Provision written back .....	—	—	18	—	19
Others .....	55	7	22	4	10
Other net gains .....	<u>56</u>	<u>164</u>	<u>924</u>	<u>548</u>	<u>26</u>



## 8 EXPENSES BY NATURE

Expenses included in cost of sales, administrative and other operating expenses are further analysed as follows:

**Group:**

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
				(Unaudited)	
Direct operating expenses of investment properties that					
- generate rental income .....	1,133	1,282	1,330	586	636
- did not generate rental income ....	109	81	94	66	67
Impairment losses/(reversal) on hotel and trading properties .....	78	296	(1)	—	(2)
Depreciation of property, plant and equipment (note 16).....	83	131	214	99	108
Amortisation of					
- intangible assets (note 19).....	5	5	4	2	1
- initial leasing costs on investment properties .....	18	24	34	15	26
Staff costs.....	490	668	810	372	403
Operating lease rentals					
- Properties.....	4	5	8	3	8
Auditors' remuneration					
- audit services .....	3	5	5	2	2
- tax services .....	1	4	6	6	1
- other services.....	1	1	19	18	—
Donations .....	20	18	19	9	8

## 9 SEGMENT INFORMATION

## a) Analysis of Consolidated income statements

	External turnover	Operating profit after depreciation and amortisation	Finance income	Finance charges	Share of profits less losses of jointly controlled companies	Share of profits less losses of associated companies	Profit before taxation	Tax (charge) / credit	Profit for the year	Profit attributable to the Company's shareholder	Depreciation and amortisation charged to operating profit	
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	
<b>Year ended</b>												
<b>31st December 2008</b>												
Property investment.....	6,901	4,910	58	(1,168)	28	16	3,844	(511)	3,333	3,336	(81)	
Property trading .....	889	189	5	(1)	(48)	—	145	(50)	95	95	—	
Hotels .....	156	(86)	—	(11)	13	140	56	17	73	73	(25)	
Sale of investment properties .....	—	—	—	—	—	—	—	—	—	—	—	
Change in fair value of investment properties ...	—	358	—	—	83	(25)	416	(417)	(1)	(236)	—	
	<u>7,946</u>	<u>5,371</u>	<u>63</u>	<u>(1,180)</u>	<u>76</u>	<u>131</u>	<u>4,461</u>	<u>(961)</u>	<u>3,500</u>	<u>3,268</u>	<u>(106)</u>	
<b>Year ended</b>												
<b>31st December 2009</b>												
Property investment.....	7,516	5,368	140	(1,221)	48	16	4,351	(509)	3,842	3,834	(124)	
Property trading .....	643	70	1	(4)	(26)	—	41	(18)	23	23	—	
Hotels .....	172	(474)	—	(26)	(30)	95	(435)	103	(332)	(332)	(36)	
Sale of investment properties .....	—	131	—	—	—	—	131	5	136	136	—	
Change in fair value of investment properties ...	—	14,407	—	—	20	63	14,490	(806)	13,684	13,596	—	
	<u>8,331</u>	<u>19,502</u>	<u>141</u>	<u>(1,251)</u>	<u>12</u>	<u>174</u>	<u>18,578</u>	<u>(1,225)</u>	<u>17,353</u>	<u>17,257</u>	<u>(160)</u>	

Year ended	External turnover	Operating profit after depreciation and amortisation		Share of profits less losses of jointly controlled companies		Share of profits less losses of associated companies		Profit before taxation	Tax (charge) / credit	Profit for the period	Profit attributable to the Company's shareholder	Depreciation and amortisation charged to operating profit
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M					
<b>Year ended</b>												
<b>31st December 2010</b>												
Property investment.....	7,953	24	(1,233)	19	18	5,389	(793)	4,596	4,589	(132)		
Property trading .....	400	3	(6)	30	—	99	(12)	87	87	—		
Hotels .....	518	—	(25)	(23)	132	(60)	(49)	(109)	(109)	(120)		
Change in fair value of investment properties ...	—	—	—	1,435	75	21,990	(470)	21,520	21,478	—		
	<u>8,871</u>	<u>27</u>	<u>(1,264)</u>	<u>1,461</u>	<u>225</u>	<u>27,418</u>	<u>(1,324)</u>	<u>26,094</u>	<u>26,045</u>	<u>(252)</u>		
<b>Six months ended</b>												
<b>30th June 2010</b>												
(Unaudited)												
Property investment.....	3,942	5	(672)	25	11	2,728	(417)	2,311	2,307	(56)		
Property trading .....	52	2	(3)	—	—	(11)	—	(11)	(11)	—		
Hotels .....	215	—	(12)	(4)	57	(55)	8	(47)	(47)	(60)		
Change in fair value of investment properties ...	—	—	—	973	12	5,840	(278)	5,562	5,543	—		
	<u>4,209</u>	<u>7</u>	<u>(687)</u>	<u>994</u>	<u>80</u>	<u>8,502</u>	<u>(687)</u>	<u>7,815</u>	<u>7,792</u>	<u>(116)</u>		

	External turnover	Operating profit after depreciation and amortisation		Share of profits less losses of jointly controlled companies		Share of profits less losses of associated companies		Profit before taxation	Tax (charge) / credit	Profit for the year	Profit attributable to the Company's shareholder	Depreciation and amortisation charged to operating profit
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M					
<b>Six months ended</b>												
<b>30th June 2011</b>												
Property investment.....	4,223	3,140	8	(742)	45	—	2,451	(341)	2,110	2,106	(75)	
Property trading .....	99	1	2	(3)	69	—	69	(13)	56	56	(1)	
Hotels .....	343	(8)	—	(16)	9	70	55	(12)	43	43	(59)	
Sale of investment properties .....	—	—	—	—	—	—	—	—	—	—	—	
Change in fair value of investment properties ...	—	17,553	—	—	583	1	18,137	(277)	17,860	17,818	—	
	<u>4,665</u>	<u>20,686</u>	<u>10</u>	<u>(761)</u>	<u>706</u>	<u>71</u>	<u>20,712</u>	<u>(643)</u>	<u>20,069</u>	<u>20,023</u>	<u>(135)</u>	

## (b) Analysis of total assets of the Group

	Segment assets	Jointly controlled companies	Associated companies	Bank deposits	Total assets	Additions to non- current assets (note)
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
At 31st December 2008						
Property investment .....	140,849	6,606	425	1,086	148,966	4,486
Property trading and development .....	2,678	27	—	161	2,866	323
Hotels .....	3,560	102	476	72	4,210	925
	<u>147,087</u>	<u>6,735</u>	<u>901</u>	<u>1,319</u>	<u>156,042</u>	<u>5,734</u>
At 31st December 2009						
Property investment .....	156,715	6,505	505	937	164,662	2,777
Property trading and development .....	3,907	87	—	103	4,097	1
Hotels .....	4,632	438	540	26	5,636	1,065
	<u>165,254</u>	<u>7,030</u>	<u>1,045</u>	<u>1,066</u>	<u>174,395</u>	<u>3,843</u>
At 31st December 2010						
Property investment .....	182,116	9,965	53	960	193,094	4,623
Property trading and development .....	6,150	348	—	42	6,540	2
Hotels .....	4,759	627	652	40	6,078	236
	<u>193,025</u>	<u>10,940</u>	<u>705</u>	<u>1,042</u>	<u>205,712</u>	<u>4,861</u>
At 30th June 2011						
Property investment .....	201,592	10,910	55	1,015	213,572	1,710
Property trading and development .....	6,950	396	—	49	7,395	215
Hotels .....	5,027	687	682	61	6,457	248
	<u>213,569</u>	<u>11,993</u>	<u>737</u>	<u>1,125</u>	<u>227,424</u>	<u>2,173</u>

In this analysis, the total of non-current assets excludes financial instruments (which include jointly controlled and associated companies), deferred tax assets and retirement benefit assets.

(c) Analysis of total liabilities of the Group

	<b>Segment liabilities</b>	<b>Current and deferred tax liabilities</b>	<b>Gross borrowings</b>	<b>Total liabilities</b>	<b>Non- controlling interests</b>
	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>
At 31st December 2008					
Property investment .....	3,836	2,534	35,460	41,830	1,068
Property trading and development .....	209	—	1,127	1,336	—
Hotels .....	101	—	1,402	1,503	—
	<u>4,146</u>	<u>2,534</u>	<u>37,989</u>	<u>44,669</u>	<u>1,068</u>
At 31st December 2009					
Property investment .....	4,923	3,391	31,676	39,990	424
Property trading and development .....	197	25	2,491	2,713	—
Hotels .....	87	—	1,366	1,453	—
	<u>5,207</u>	<u>3,416</u>	<u>35,533</u>	<u>44,156</u>	<u>424</u>
		<b>Current and deferred tax liabilities</b>			<b>Non- controlling interests</b>
	<b>Segment liabilities</b>	<b>HK\$M</b>	<b>Gross borrowings</b>	<b>Total liabilities</b>	<b>HK\$M</b>
	<b>HK\$M</b>				
At 31st December 2010					
Property investment .....	4,764	4,278	32,755	41,797	479
Property trading and development .....	194	1	4,554	4,749	—
Hotels .....	241	—	569	810	—
	<u>5,199</u>	<u>4,279</u>	<u>37,878</u>	<u>47,356</u>	<u>479</u>
At 30th June 2011					
Property investment .....	5,890	4,782	34,796	45,468	522
Property trading and development .....	89	13	4,655	4,757	—
Hotels .....	128	—	606	734	—
	<u>6,107</u>	<u>4,795</u>	<u>40,057</u>	<u>50,959</u>	<u>522</u>

**(d) Information about geographical areas**

The activities of the Group are principally based in Hong Kong, Mainland China, United States of America and the United Kingdom.

An analysis of turnover and non-current assets of the Group by principal markets is outlined below:

*Turnover of the Group:*

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
				(Unaudited)	
Hong Kong .....	6,720	7,799	8,301	3,940	4,252
Mainland China .....	200	320	446	218	299
United States of America .....	889	139	50	18	62
United Kingdom.....	137	73	74	33	52
	<u>7,946</u>	<u>8,331</u>	<u>8,871</u>	<u>4,209</u>	<u>4,665</u>

*Non-current assets of the Group<sup>1</sup>:*

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
Hong Kong .....	131,946	144,367	166,268	183,968
Mainland China .....	10,925	14,985	18,693	20,743
United States of America .....	473	442	446	661
United Kingdom.....	441	433	547	615
	<u>143,785</u>	<u>160,227</u>	<u>185,954</u>	<u>205,987</u>

<sup>1</sup> In this analysis, the total of non-current assets excludes financial instruments (which include jointly controlled and associated companies), deferred tax assets and retirement benefit assets.

## 10 DIRECTORS' EMOLUMENTS GROUP:

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Fees .....	—	—	2,198	439	—
Other emoluments .....	50,687	74,484	43,687	28,090	30,092
	<u>50,687</u>	<u>74,484</u>	<u>45,885</u>	<u>28,529</u>	<u>30,092</u>

## (a) Directors' emoluments

Details of the emoluments paid and payable to the directors of the Group for the periods ended 31st December 2008, 2009, 2010 and 30th June 2010 and 2011 are as follows:

	Cash			Non cash			Total
	Salary	Discretionary bonus	Allowances and benefits	Retirement schemes contributions	Discretionary bonus paid to retirement schemes	Housing and other benefits	
		(note (xvii))					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>For the year ended 31st December 2008</b>							
<b>Executive and non-executive directors</b>							
K.G. Kerr (note (i)) .....	5,413	4,592	238	485	—	2,934	13,662
C.D. Pratt .....	—	—	—	—	—	—	—
M. Cubbon .....	—	—	—	—	—	—	—
G.M.C. Bradley .....	1,452	1,707	2,013	616	—	36	5,824
P.N.L. Chen (note (ii))...	—	—	—	—	—	—	—
J.C. Culbertson (note (iii)).....	2,520	1,758	637	202	—	2,032	7,149
J.W.J. Hughes-Hallett ...	—	—	—	—	—	—	—
P.A. Johansen (note (iv)) .....	—	—	—	—	—	—	—
P.A. Kilgour .....	2,040	2,733	861	865	982	2,693	10,174
G.J. Ongley .....	3,600	1,808	316	468	—	1,932	8,124
S.G. Spurr (note (v)) .....	2,520	1,758	494	202	—	780	5,754
Total .....	<u>17,545</u>	<u>14,356</u>	<u>4,559</u>	<u>2,838</u>	<u>982</u>	<u>10,407</u>	<u>50,687</u>



	Cash			Non cash			Total
	Salary	Discretionary bonus (note (xvii))	Allowances and benefits	Retirement schemes contributions	Discretionary bonus paid to retirement schemes	Housing and other benefits	
<b>For the year ended 31st December 2009</b>							
<b>Executive and non-executive directors</b>							
K.G. Kerr (note (i)) .....	2,184	4,566	517	17,590	—	1,187	26,044
C.D. Pratt .....	—	—	—	—	—	—	—
M. Cubbon (note (xvi)) .	2,100	—	203	2,671	—	1,636	6,610
G.M.C. Bradley .....	1,560	1,746	2,197	1,984	646	—	8,133
J.C.G. Bremridge (note (vi)) .....	1,260	—	177	1,606	—	1,714	4,757
P.N.L. Chen (note (ii))...	—	—	—	—	—	—	—
J.C. Culbertson (note (iii)).....	2,520	1,848	455	321	—	2,047	7,191
J.W.J. Hughes-Hallett ...	—	—	—	—	—	—	—
P.A. Kilgour (note (xv))	510	2,403	281	644	882	694	5,414
G.J. Ongley .....	3,600	1,928	225	676	—	3,955	10,384
S.G. Spurr (note (v)) .....	2,520	1,848	482	321	—	780	5,951
M.B. Swire (note (vii))	—	—	—	—	—	—	—
<b>Total .....</b>	<b>16,254</b>	<b>14,339</b>	<b>4,537</b>	<b>25,813</b>	<b>1,528</b>	<b>12,013</b>	<b>74,484</b>

**APPENDIX I**
**ACCOUNTANT'S REPORT**

	Cash			Non cash			Total
	Salary	Discretionary bonus (note (xvii))	Allowances and benefits	Retirement schemes contributions	Discretionary bonus paid to retirement schemes	Housing and other benefits	
<b>For the year ended 31st December 2010</b>							
<b>Executive and non-executive directors</b>							
K.G. Kerr (note (i)) .....	—	2,187	—	—	—	—	2,187
J.C.G. Bremridge (note (vi)) .....	1,722	451	251	640	339	2,428	5,831
G.M.C. Bradley .....	1,680	658	2,484	624	383	—	5,829
D.C.Y. Ho (note (viii)) ..	2,570	—	86	9	—	—	2,665
M.M.S. Low (note (ix))	572	—	205	—	—	—	777
C.D. Pratt .....	—	—	—	—	—	—	—
M. Cubbon (note (xvi)) .	3,863	1,108	579	1,436	362	2,680	10,028
P.N.L. Chen (note (ii))...	—	—	—	—	—	—	—
J.C. Culbertson (note (iii)).....	646	1,848	63	62	—	513	3,132
J.W.J. Hughes-Hallett ...	—	—	—	—	—	—	—
P.A. Kilgour (note (xv))	—	137	—	302	—	—	439
G.J. Ongley .....	3,690	1,939	372	539	—	3,844	10,384
S.G. Spurr (note (v)) .....	646	1,848	103	62	—	195	2,854
H.C. Cheng (note (x)) ...	—	—	—	—	—	—	—
S.E. Bradley (note (xi)) .....	395	—	—	—	—	—	395
J.C.C. Chan (note (xii)).	467	—	—	—	—	—	467
P.K. Etchells (note (xiii)) .....	502	—	—	—	—	—	502
S.C. Liu (note (xiv)).....	395	—	—	—	—	—	395
M.B. Swire .....	—	—	—	—	—	—	—
<b>Total .....</b>	<b>17,148</b>	<b>10,176</b>	<b>4,143</b>	<b>3,674</b>	<b>1,084</b>	<b>9,660</b>	<b>45,885</b>

**APPENDIX I**
**ACCOUNTANT'S REPORT**

	Cash			Non cash			Total
	Salary	Discretionary bonus (note (xvii))	Allowances and benefits	Retirement schemes contributions	Discretionary bonus paid to retirement schemes	Housing and other benefits	
<b>For the period ended 30th June 2010</b>							
<b>Executive and non-executive directors</b>							
K.G. Kerr (note (i)) .....	—	2,187	—	—	—	—	2,187
J.C.G. Bremridge (note (vi)) .....	861	451	180	227	339	1,214	3,272
G.M.C. Bradley .....	840	658	1,199	222	383	—	3,302
D.C.Y. Ho (note (viii)) .	770	—	27	3	—	—	800
C.D. Pratt .....	—	—	—	—	—	—	—
M. Cubbon (note (xvi)) .	1,932	1,108	363	718	362	1,324	5,807
P.N.L. Chen (note (ii))...	—	—	—	—	—	—	—
J.C. Culbertson (note (iii)).....	646	1,848	63	62	—	513	3,132
J.W.J. Hughes-Hallett ...	—	—	—	—	—	—	—
P.A. Kilgour (note (xv))	—	137	—	302	—	—	439
G.J. Ongley .....	1,845	1,939	280	269	—	2,403	6,736
S.G. Spurr (note (v)) .....	646	1,848	103	62	—	195	2,854
H.C. Cheng (note (x)) ...	—	—	—	—	—	—	—
S.E. Bradley (note (xi)) .	—	—	—	—	—	—	—
J.C.C. Chan (note (xii)) .	—	—	—	—	—	—	—
P.K. Eтчells (note (xiii)) .....	—	—	—	—	—	—	—
S.C. Liu (note (xiv)).....	—	—	—	—	—	—	—
M.B. Swire.....	—	—	—	—	—	—	—
<b>Total .....</b>	<b>7,540</b>	<b>10,716</b>	<b>2,215</b>	<b>1,865</b>	<b>1,084</b>	<b>5,649</b>	<b>28,529</b>

	Cash			Non cash			Total
	Salary	Discretionary bonus (note (xvii))	Allowances and benefits	Retirement schemes contributions	Discretionary bonus paid to retirement schemes	Housing and other benefits	
<b>For the period ended 30th June 2011</b>							
<b>Executive and non-executive directors</b>							
J.C.G. Bremridge (note (vi)) .....	883	948	182	233	757	1,280	4,283
G.M.C. Bradley .....	900	1,140	848	238	681	750	4,557
D.C.Y. Ho .....	1,872	646	43	6	—	—	2,567
M.M.S. Low .....	930	483	352	—	—	—	1,765
C.D. Pratt .....	—	—	—	—	—	—	—
M. Cubbon (note (xvi)) .	2,201	3,213	366	635	1,102	1,746	9,263
P.N.L. Chen (note (ii))...	—	—	—	—	—	—	—
J.C. Culbertson (note (iii)) .....	—	474	—	—	—	—	474
J.W.J. Hughes-Hallett ...	—	—	—	—	—	—	—
P.A. Kilgour (note (xv))	—	—	—	—	—	—	—
G.J. Ongley .....	1,919	2,133	320	280	—	2,031	6,683
S.G. Spurr (note (v)) .....	—	500	—	—	—	—	500
H.C. Cheng .....	—	—	—	—	—	—	—
S.E. Bradley .....	—	—	—	—	—	—	—
J.C.C. Chan .....	—	—	—	—	—	—	—
P.K. Etchells .....	—	—	—	—	—	—	—
S.C. Liu .....	—	—	—	—	—	—	—
M.B. Swire .....	—	—	—	—	—	—	—
<b>Total .....</b>	<b>8,705</b>	<b>9,537</b>	<b>2,111</b>	<b>1,392</b>	<b>2,540</b>	<b>5,807</b>	<b>30,092</b>

*Notes:*

- (i) K.G. Kerr resigned as an executive director on 31st May 2009 with final bonus payment made in 2010.
- (ii) P.N.L. Chen resigned as a non-executive director on 13th April 2010.
- (iii) J.C. Culbertson resigned as an executive director on 31st March 2010 with final bonus payment made in 2011.
- (iv) P.A. Johansen resigned as a non-executive director on 15th March 2009.
- (v) S.G. Spurr resigned as an executive director on 31st March 2010 with final bonus payment made in 2011.
- (vi) J.C.G. Bremridge was appointed as an executive director on 1st April 2009 and resigned on 11th September 2011.
- (vii) M.B. Swire was appointed as a non-executive director on 14th January 2009.
- (viii) D.C.Y. Ho was appointed as an executive director on 14th April 2010.
- (ix) M.M.S. Low was appointed as an executive director on 2nd September 2010.
- (x) H.C. Cheng was appointed as a non-executive director on 14th April 2010 and was subsequently redesignated as an independent non-executive director.
- (xi) S.E. Bradley was appointed as an independent non-executive director on 14th April 2010.

- (xii) J.C.C. Chan was appointed as an independent non-executive director on 14th April 2010.  
(xiii) P.K. Etchells was appointed as an independent non-executive director on 14th April 2010.  
(xiv) S.C. Liu was appointed as an independent non-executive director on 14th April 2010.  
(xv) P.A. Kilgour was redesignated from an executive director to a non-executive director on 1st April 2009.  
(xvi) M. Cubbon was redesignated from a non-executive director to an executive director on 1st June 2009.  
(xvii) The bonuses disclosed above are related to services as executive and non-executive directors for the previous year.

**(b) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group for the years ended 31st December 2008, 2009, 2010 and the six months ended 30th June 2010 and 2011 are as follows:

Number of individuals	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
Executive directors (note (i)) .....	4	4	3	3	4
Executive officer(s) (note (ii)) .....	1	1	2	2	1
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

*Notes:*

- (i) Details of the emoluments paid to these directors were included in the disclosure as set out in note 10(a) above.  
(ii) Details of emoluments paid to the above executive officer(s) are as follows:

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Salary .....	2,424	2,424	5,225	2,584	1,343
Discretionary bonus .....	1,486	1,531	3,696	3,696	1,894
Allowance and benefits .....	1,858	3,423	3,894	1,910	1,461
Retirement scheme contributions .....	315	455	502	248	51
	<u>6,083</u>	<u>7,833</u>	<u>13,317</u>	<u>8,438</u>	<u>4,749</u>

\* The bonuses disclosed above are related to services for the previous year.

The emoluments of the above executive officer(s) fell within the following bands:

Number of individuals	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
				(Unaudited)	
HK\$3,500,000 — HK\$4,000,000 .....	—	—	—	1	—
HK\$4,500,000 — HK\$5,000,000 .....	—	—	—	1	1
HK\$5,500,000 — HK\$6,000,000 .....	—	—	—	—	—
HK\$6,000,000 — HK\$6,500,000 .....	1	—	1	—	—
HK\$7,000,000 — HK\$7,500,000 .....	—	—	1	—	—
HK\$7,500,000 — HK\$8,000,000 .....	—	1	—	—	—
	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>1</u>

- (c) During the Relevant Periods, no director or the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, upon leaving the Group or as compensation for loss of office.

## 11 NET FINANCE CHARGES

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
				(Unaudited)	
Interest charges on:					
Bank loans and overdrafts .....	(239)	(230)	(265)	(123)	(185)
Loans from fellow subsidiary companies .....	(1,228)	(1,182)	(1,202)	(593)	(585)
Other financing costs .....	(64)	(61)	(95)	(44)	(49)
Loss on the movement in the fair value of the put option in respect of a non-controlling interest in a subsidiary .....	—	—	—	(59)	(139)
Deferred into properties under development for sale .....	7	32	101	48	53
Capitalised on:					
Investment properties .....	45	157	180	75	132
Hotel and other properties .....	299	33	17	9	12
	<u>(1,180)</u>	<u>(1,251)</u>	<u>(1,264)</u>	<u>(687)</u>	<u>(761)</u>
Interest income on:					
Short-term deposits and bank balances .....	24	6	9	5	4
Jointly controlled companies .....	34	27	3	1	4
Others .....	5	1	3	1	2
Gain on the recognition and movement in the fair value of the put option in respect of a non-controlling interest in a subsidiary .....	—	107	12	—	—
	<u>63</u>	<u>141</u>	<u>27</u>	<u>7</u>	<u>10</u>
Net finance charges .....	<u>(1,117)</u>	<u>(1,110)</u>	<u>(1,237)</u>	<u>(680)</u>	<u>(751)</u>

## 12 TAXATION

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
				(Unaudited)	
Current taxation:					
Hong Kong profits tax .....	(347)	(394)	(651)	(378)	(300)
Overseas taxation .....	8	14	(7)	(2)	(7)
Over/(under)-provision in prior years/periods .....	4	70	(6)	13	—
	<u>(335)</u>	<u>(310)</u>	<u>(664)</u>	<u>(367)</u>	<u>(307)</u>
Deferred taxation:					
Change in Hong Kong profits tax rate .....	100	—	—	—	—
Change in fair value of investment properties .....	(413)	(718)	(384)	(242)	(227)
Origination and reversal of temporary differences .....	(313)	(266)	(276)	(78)	(109)
Tax provision on impairment losses .....	—	69	—	—	—
	<u>(626)</u>	<u>(915)</u>	<u>(660)</u>	<u>(320)</u>	<u>(336)</u>
	<u><u>(961)</u></u>	<u><u>(1,225)</u></u>	<u><u>(1,324)</u></u>	<u><u>(687)</u></u>	<u><u>(643)</u></u>

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the above periods. Overseas tax is calculated at tax rates applicable in countries in which the Group is assessable for tax.

The tax charge on the Group's profit before taxation differs from the theoretical amount that would arise using the Hong Kong profits tax rate of the Company as follows:

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
				(Unaudited)	
Profit before taxation .....	<u>4,461</u>	<u>18,578</u>	<u>27,418</u>	<u>8,502</u>	<u>20,712</u>
Calculated at a tax rate of 16.5% .....	(736)	(3,065)	(4,524)	(1,403)	(3,417)
Share of profits less losses of jointly controlled and associated companies.....	29	31	278	178	128
Over/(Under)-provision in prior years/periods .....	4	70	(6)	13	—
Effect of change in Hong Kong tax rate.....	100	—	—	—	—
Effect of different tax rates in other countries.....	(139)	(162)	(106)	(50)	(45)
Income not subject to tax.....	111	2,002	3,158	633	2,749
Expenses not deductible for tax purposes .....	(319)	(97)	(31)	(59)	(7)
Unused tax losses not recognised.....	(12)	(37)	(31)	(29)	(79)
Utilisation of previously unrecognised tax losses .....	32	54	34	41	39
Recognition of previously unrecognised temporary differences.....	—	—	1	—	—
Deferred tax assets written off .....	(18)	—	(96)	—	(8)
Others .....	<u>(13)</u>	<u>(21)</u>	<u>(1)</u>	<u>(11)</u>	<u>(3)</u>
Tax charge .....	<u>(961)</u>	<u>(1,225)</u>	<u>(1,324)</u>	<u>(687)</u>	<u>(643)</u>

The Group's share of jointly controlled companies' tax charge for the years ended 31st December 2008: HK\$54 million, 2009: HK\$73 million, 2010: HK\$436 million, and the six months ended 30th June 2010: HK\$296 million, 2011: HK\$60 million, and share of associated companies' tax charge for the years ended 31st December of 2008: HK\$30 million, 2009: HK\$24 million, 2010: HK\$34 million, and the six months ended 30th June 2010: HK\$14 million, 2011: HK\$14 million, is included in the share of profits less losses of jointly controlled and associated companies shown in the consolidated income statement.



**13 PROFIT ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDER**

Of the profit attributable to the Company's shareholder for the years ended 31st December 2008: HK\$1,706 million, 2009: HK\$1,946 million, 2010 HK\$2,491 million and the six months ended 30th June 2010: HK\$2,485 million, 2011: HK\$3,653 million, is dealt with in the accounts of the Company.

**14 DIVIDENDS****Group:**

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
				(Unaudited)	
Interim dividend paid prior to the merger .....	1,214	25	1	1	—
Final dividend proposed .....	<u>1,752</u>	<u>—</u>	<u>2,425</u>	<u>—</u>	<u>—</u>
	<u>2,966</u>	<u>25</u>	<u>2,426</u>	<u>1</u>	<u>—</u>

The Group dividend includes the impact of the merger accounting for the US subsidiaries.

**Company:**

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
				(Unaudited)	
Interim dividend paid prior to the merger .....	1,032	—	—	—	—
Final dividend proposed .....	<u>1,752</u>	<u>—</u>	<u>2,425</u>	<u>—</u>	<u>—</u>
	<u>2,784</u>	<u>—</u>	<u>2,425</u>	<u>—</u>	<u>—</u>

**15 EARNINGS PER SHARE (BASIC AND DILUTED)**

Earnings per share are calculated by dividing the profit attributable to the Company's shareholder of for the years ended 31st December 2008: HK\$3,268 million, 2009: HK\$17,257 million, 2010: HK\$26,045 million and the six months ended 30th June 2010: HK\$7,792 million, 2011: HK\$20,023 million by the weighted average number of ordinary shares in issue during the year 2008: 5,458,672,623, 2009: 5,492,741,689, 2010: 5,690,000,000 and the six months ended 30th June 2010: 5,690,000,000, 2011: 5,690,000,000.

The 2008 and 2009 weighted average number of ordinary shares reflect the Company's shares in issue for those periods adjusted for the 1,108,132,451 Shares issued on 25th January 2010 as consideration to acquire Swire Properties US Inc. and Swire Properties One LLC, and the bonus element in respect of the 3,969,615,000 shares issued at par, which was below market value, issued on 31 December 2009.

The diluted earnings per share equals to the basic earnings per share since there are no dilutive potential shares in issue during the Relevant Periods.

## 16 PROPERTY, PLANT AND EQUIPMENT

	Group			Company
	Land and property	Plant and equipment	Total	Plant and equipment
	HK\$M	HK\$M	HK\$M	HK\$M
<b>Cost:</b>				
At 1st January 2008 .....	9,521	663	10,184	213
Translation differences .....	309	(37)	272	—
Additions .....	2,386	157	2,543	36
Depreciation from leasehold land capitalised.....	20	—	20	—
Net transfers to investment properties .....	(3,375)	—	(3,375)	—
At 31st December 2008.....	8,861	783	9,644	249
<b>Accumulated depreciation and impairments:</b>				
At 1st January 2008 .....	107	396	503	193
Translation differences .....	—	(3)	(3)	—
Charge for the year (note 8).....	19	64	83	12
Depreciation capitalised on property under construction .....	20	—	20	—
Transfers to investment properties.....	(5)	—	(5)	—
At 31st December 2008.....	141	457	598	205
<b>Net book value:</b>				
At 31st December 2008.....	8,720	326	9,046	44

	<u>Group</u>			<u>Company</u>
	<u>Land and property</u>	<u>Plant and equipment</u>	<u>Total</u>	<u>Plant and equipment</u>
	HK\$M	HK\$M	HK\$M	HK\$M
<b>Cost:</b>				
At 1st January 2009 .....	8,861	783	9,644	249
Translation differences .....	34	13	47	—
Transferred to investment properties on adoption of revised HKAS 40 .....	(4,375)	—	(4,375)	—
Cost written-off .....	(9)	(7)	(16)	—
Additions .....	1,070	41	1,111	8
Depreciation from leasehold land capitalised.....	7	—	7	—
Disposals .....	(12)	(2)	(14)	(1)
Net transfers from deferred expenditure .....	—	1	1	—
Net transfers from investment properties.....	29	—	29	—
Transfer between categories .....	57	(57)	—	—
At 31st December 2009.....	<u>5,662</u>	<u>772</u>	<u>6,434</u>	<u>256</u>
<b>Accumulated depreciation and impairments:</b>				
At 1st January 2009 .....	141	457	598	205
Translation differences .....	1	3	4	—
Transferred to investment properties on adoption of revised HKAS 40 .....	(39)	—	(39)	—
Depreciation written-off .....	—	(18)	(18)	—
Charge for the year (note 8).....	49	82	131	15
Depreciation capitalised on property under construction .....	7	—	7	—
Provision for impairment losses .....	267	—	267	—
Disposals .....	(4)	(2)	(6)	(1)
Net transfer from deferred expenditure.....	—	1	1	—
Transfers to investment properties.....	(4)	—	(4)	—
At 31st December 2009.....	<u>418</u>	<u>523</u>	<u>941</u>	<u>219</u>
<b>Net book value:</b>				
At 31st December 2009.....	<u><u>5,244</u></u>	<u><u>249</u></u>	<u><u>5,493</u></u>	<u><u>37</u></u>

	Group			Company
	Land and property	Plant and equipment	Total	Plant and equipment
	HK\$M	HK\$M	HK\$M	HK\$M
<b>Cost:</b>				
At 1st January 2010 .....	5,662	772	6,434	256
Translation differences .....	24	4	28	—
Cost written-off .....	(57)	—	(57)	—
Additions .....	269	146	415	83
Disposals .....	—	(115)	(115)	(114)
Net transfers to investment properties .....	(813)	—	(813)	—
Transfer between categories .....	(144)	144	—	—
Revaluation surplus .....	<u>1,448</u>	<u>—</u>	<u>1,448</u>	<u>—</u>
At 31st December 2010.....	<u>6,389</u>	<u>951</u>	<u>7,340</u>	<u>225</u>
<b>Accumulated depreciation and impairments:</b>				
At 1st January 2010 .....	418	523	941	219
Translation differences .....	5	2	7	—
Charge for the year (note 8).....	89	125	214	22
Disposals .....	—	(105)	(105)	(104)
Transfers to investment properties.....	<u>(50)</u>	<u>—</u>	<u>(50)</u>	<u>—</u>
At 31st December 2010.....	<u>462</u>	<u>545</u>	<u>1,007</u>	<u>137</u>
<b>Net book value:</b>				
At 31st December 2010.....	<u>5,927</u>	<u>406</u>	<u>6,333</u>	<u>88</u>

	Group			Company
	Land and property	Plant and equipment	Total	Plant and equipment
	HK\$M	HK\$M	HK\$M	HK\$M
<b>Cost:</b>				
At 1st January 2011 .....	6,389	951	7,340	225
Translation differences .....	48	6	54	—
Cost written-off .....	—	(3)	(3)	(3)
Additions .....	241	15	256	5
Disposals .....	—	(2)	(2)	(1)
Net transfers to investment properties .....	57	—	57	—
Transfer between categories .....	9	(9)	—	—
Revaluation surplus .....	34	—	34	—
At 30th June 2011 .....	6,778	958	7,736	226
<b>Accumulated depreciation and impairments:</b>				
At 1st January 2011 .....	462	545	1,007	137
Translation differences .....	7	4	11	—
Charge for the period (note 8) .....	49	59	108	13
Cost written-off .....	—	(1)	(1)	(1)
Disposals .....	—	(2)	(2)	(1)
Transfers to investment properties .....	(2)	—	(2)	—
At 30th June 2011 .....	516	605	1,121	148
<b>Net book value:</b>				
At 30th June 2011 .....	6,262	353	6,615	78

At 31st December 2008, 2009, 2010 and 30th June 2011, none of the Group's property, plant and equipment was pledged as security for the Group's long-term loans.

Properties occupied by the Group (together with the associated leasehold land) were transferred to investment properties following the end of occupation by the Group. The valuation increase from carrying amount to fair value for the years ended 31st December 2010 was HK\$1,448 million, 2008: HK\$Nil, 2009: HK\$Nil, 30th June 2011 HK\$34 million, has been recognised in other comprehensive income and the properties revaluation reserve.

Property, plant and equipment is reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. In 2009 the Directors considered a number of hotels in Mainland China and the United Kingdom to be impaired as a result of the condition of the hotel property market in these locations. The carrying amount of these hotels have been written down by HK\$267 million to their recoverable amount, which is the fair value less costs to sell, calculated using the income capitalisation approach.

At 31st December 2008, 2009 , 2010 and 30th June 2011 property includes HK\$5,005 million, HK\$284 million, HK\$429 million and HK\$625 million of property under construction respectively.

## 17 INVESTMENT PROPERTIES

	Group		
	Completed	Under construction	Total
	HK\$M	HK\$M	HK\$M
At 1st January 2008 .....	115,673	11,792	127,465
Additions .....	628	2,163	2,791
Disposals .....	—	—	—
Net transfer from/(to) property, plant and equipment.....	3,386	(16)	3,370
Transfer between categories .....	9,671	(9,671)	—
Fair value (losses)/gains.....	(312)	670	358
	<u>129,046</u>	<u>4,938</u>	<u>133,984</u>
Add : Initial leasing costs .....	85	—	85
<b>At 31st December 2008.....</b>	<b><u>129,131</u></b>	<b><u>4,938</u></b>	<b><u>134,069</u></b>
At 1st January 2009 .....	129,046	4,938	133,984
Translation differences .....	1	9	10
Transferred from property, plant and equipment on adoption of revised HKAS 40 .....	—	4,336	4,336
Cost written back .....	(52)	—	(52)
Additions .....	582	2,176	2,758
Disposals .....	—	(60)	(60)
Transfers to property under development.....	—	(1,335)	(1,335)
Net transfer (to)/from property, plant and equipment.....	(40)	7	(33)
Transfer between categories .....	1,869	(1,869)	—
Fair value gains .....	10,426	3,981	14,407
	<u>141,832</u>	<u>12,183</u>	<u>154,015</u>
Add : Initial leasing costs .....	83	—	83
<b>At 31st December 2009.....</b>	<b><u>141,915</u></b>	<b><u>12,183</u></b>	<b><u>154,098</u></b>

	Group		
	Completed	Under construction	Total
	HK\$M	HK\$M	HK\$M
At 1st January 2010 .....	141,832	12,183	154,015
Translation differences .....	287	245	532
Cost written back .....	(11)	—	(11)
Additions .....	595	3,988	4,583
Disposals .....	(593)	(57)	(650)
Transfers to property under development.....	—	(897)	(897)
Net transfers from/(to) property, plant and equipment .....	770	(7)	763
Transfer between categories .....	23	(23)	—
Fair value gains .....	<u>18,605</u>	<u>1,875</u>	<u>20,480</u>
	161,508	17,307	178,815
Add : Initial leasing costs .....	<u>170</u>	<u>—</u>	<u>170</u>
<b>At 31st December 2010.....</b>	<b><u>161,678</u></b>	<b><u>17,307</u></b>	<b><u>178,985</u></b>
At 1st January 2011 .....	161,508	17,307	178,815
Translation differences .....	171	193	364
Cost written back .....	—	—	—
Additions .....	204	1,441	1,645
Transfers to property under development.....	—	(4)	(4)
Net transfers (to)/from property, plant and equipment .....	(75)	16	(59)
Fair value gains .....	<u>15,866</u>	<u>1,687</u>	<u>17,553</u>
	177,674	20,640	198,314
Add : Initial leasing costs .....	<u>206</u>	<u>—</u>	<u>206</u>
<b>At 30th June 2011 .....</b>	<b><u>177,880</u></b>	<b><u>20,640</u></b>	<b><u>198,520</u></b>

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
Held in Hong Kong:				
On medium-term lease (10 to 50 years) .....	31,210	34,685	39,310	43,083
On long-term lease (over 50 years) .....	<u>97,431</u>	<u>105,502</u>	<u>122,221</u>	<u>136,094</u>
	128,641	140,187	161,531	179,177
Held in Mainland China:				
On medium-term lease (10 to 50 years) .....	<u>5,343</u>	<u>13,828</u>	<u>17,284</u>	<u>19,137</u>
	<u>133,984</u>	<u>154,015</u>	<u>178,815</u>	<u>198,314</u>

The portfolio of investment properties were valued at 31st December 2008, 2009, 2010 and 30th June 2011 as 97%, 98%, 98%, and 97% by value having been valued by DTZ Debenham Tie Leung on the basis of open market value.

## 18 LEASEHOLD LAND AND LAND USE RIGHTS

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments, the net book value of which is analysed as follows:

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January .....	8	6	6	6
Translation differences .....	<u>(2)</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 31st December/30th June .....	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>
Held outside Hong Kong:				
On medium-term leases (10 to 50 years).....	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>



## 19 INTANGIBLE ASSETS

	Group			Company
	Goodwill	Computer software	Total	Computer software
	HK\$M	HK\$M	HK\$M	HK\$M
<b>Cost :</b>				
At 1st January 2008 .....	184	36	220	36
Additions .....	—	2	2	2
At 31st December 2008.....	184	38	222	38
<b>Accumulated amortisation and impairment:</b>				
At 1st January 2008 .....	—	24	24	24
Amortisation for the year (note 8).....	—	5	5	5
At 31st December 2008.....	—	29	29	29
<b>Net book value:</b>				
At 31st December 2008 .....	<u>184</u>	<u>9</u>	<u>193</u>	<u>9</u>
<b>Cost :</b>				
At 1st January 2009 .....	184	38	222	38
Translation differences .....	(1)	—	(1)	—
Additions .....	—	2	2	2
At 31st December 2009.....	183	40	223	40
<b>Accumulated amortisation and impairment:</b>				
At 1st January 2009 .....	—	29	29	29
Amortisation for the year (note 8).....	—	5	5	5
At 31st December 2009.....	—	34	34	34
<b>Net book value:</b>				
At 31st December 2009 .....	<u>183</u>	<u>6</u>	<u>189</u>	<u>6</u>

	<u>Group</u>			<u>Company</u>
	<u>Goodwill</u>	<u>Computer software</u>	<u>Total</u>	<u>Computer software</u>
	HK\$M	HK\$M	HK\$M	HK\$M
<b>Cost :</b>				
At 1st January 2010 .....	183	40	223	40
Translation differences .....	(1)	—	(1)	—
Additions .....	—	3	3	3
At 31st December 2010.....	<u>182</u>	<u>43</u>	<u>225</u>	<u>43</u>
<b>Accumulated amortisation and impairment:</b>				
At 1st January 2010 .....	—	34	34	34
Amortisation for the year (note 8).....	—	4	4	4
At 31st December 2010.....	<u>—</u>	<u>38</u>	<u>38</u>	<u>38</u>
<b>Net book value:</b>				
At 31st December 2010.....	<u>182</u>	<u>5</u>	<u>187</u>	<u>5</u>
<b>Cost :</b>				
At 1st January 2011 .....	182	43	225	43
Translation differences .....	—	—	—	—
Additions .....	—	1	1	1
At 30th June 2011.....	<u>182</u>	<u>44</u>	<u>226</u>	<u>44</u>
<b>Accumulated amortisation and impairment:</b>				
At 1st January 2011 .....	—	38	38	38
Amortisation for the period (note 8) .....	—	1	1	1
At 30th June 2011.....	<u>—</u>	<u>39</u>	<u>39</u>	<u>39</u>
<b>Net book value:</b>				
At 30th June 2011.....	<u>182</u>	<u>5</u>	<u>187</u>	<u>5</u>

For the years ended 31st December 2008, 2009, 2010 and the six months ended 30th June 2011 amortisation of HK\$5 million, HK\$5 million, HK\$4 million, and HK\$1 million is included in administrative expenses in the consolidated income statement respectively.

#### Impairment test of goodwill

Goodwill attributable to investment properties in Hong Kong arose where the fair value of net assets acquired was below the fair value of consideration paid due to the recognition, required for accounting purposes, of deferred tax liabilities in respect of accelerated tax depreciation on the investment properties purchased. Consequently the related goodwill will only be impaired should the fair value of the investment property in future fall below its fair value at acquisition. The recoverable amount of goodwill attributable to this cash-generating unit is therefore assessed on a post-tax basis using fair value less costs to sell.

## 20 SUBSIDIARY COMPANIES

## Company

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Unlisted shares at cost .....	3,215	3,184	3,234	3,375
Loans and amounts due from subsidiary companies				
- Interest - free .....	27,693	27,501	33,041	34,940
- Interest - bearing at 31st December 2008: HIBOR plus 0.24%, 2009: HIBOR plus 0.24%, 2010: HIBOR plus 0.24% and at 30th June 2011: HIBOR plus 0.24% .....	155	151	155	155
	<u>31,063</u>	<u>30,836</u>	<u>36,430</u>	<u>38,470</u>

The loans and amounts due from subsidiary companies are unsecured and have no fixed terms of repayment.

The principal subsidiary companies of Swire Properties Limited which have materially affected the results of assets of the Group are shown in Note 45 of Section II.

## 21 ASSOCIATED COMPANIES

## Group

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Share of net assets				
- unlisted .....	725	869	529	561
Loans due from associated companies				
- Interest free .....	176	176	176	176
	<u>901</u>	<u>1,045</u>	<u>705</u>	<u>737</u>

## Company

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Unlisted shares at cost .....	3	3	3	3
Loans due from associated companies				
- Interest free .....	168	172	176	177
	<u>171</u>	<u>175</u>	<u>179</u>	<u>180</u>

The loans due from associated companies are unsecured and have no fixed terms of repayment.

The Group's share of assets and liabilities and results of associated companies is summarised below:

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Non-current assets .....	1,422	1,518	694	683
Current assets .....	307	315	349	354
Current liabilities .....	(95)	(106)	(122)	(85)
Non-current liabilities .....	(909)	(858)	(392)	(391)
Net assets .....	<u>725</u>	<u>869</u>	<u>529</u>	<u>561</u>
Revenue .....	<u>555</u>	<u>451</u>	<u>539</u>	<u>277</u>
Profit for the year .....	<u>131</u>	<u>174</u>	<u>225</u>	<u>71</u>

The principal associated companies of Swire Properties Limited which have materially affected the results or assets of the Group are shown in Note 45 of Section II.

## 22 JOINTLY CONTROLLED COMPANIES

## Group

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Share of net (liabilities)/assets				HK\$M
- unlisted .....	(1,318)	(1,032)	2,198	3,095
Loans due from jointly controlled companies				
- Interest free .....	8,053	8,062	8,742	8,898
	<u>6,735</u>	<u>7,030</u>	<u>10,940</u>	<u>11,993</u>

## Company

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Unlisted shares at cost .....	—	—	—	—
Loans due from jointly controlled companies				
- Interest free .....	1,404	1,312	515	502
	<u>1,404</u>	<u>1,312</u>	<u>515</u>	<u>502</u>

The loans due from jointly controlled companies are unsecured and have no fixed terms of repayment.

The Group's share of assets and liabilities, results of jointly controlled companies is summarised below:

	As at 31st December			As at
				30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
Non-current assets .....	5,539	7,107	13,052	14,601
Current assets .....	1,290	480	2,031	2,925
Current liabilities .....	(2,590)	(2,888)	(4,176)	(4,362)
Non-current liabilities .....	(5,557)	(5,731)	(8,709)	(10,069)
Net (liabilities)/assets .....	<u>(1,318)</u>	<u>(1,032)</u>	<u>2,198</u>	<u>3,095</u>
Revenue .....	477	375	426	307
Change in fair value of investment properties .....	83	37	1,819	613
Expenses .....	<u>(430)</u>	<u>(327)</u>	<u>(348)</u>	<u>(154)</u>
Profit before taxation .....	130	85	1,897	766
Taxation .....	<u>(54)</u>	<u>(73)</u>	<u>(436)</u>	<u>(60)</u>
Profit for the year .....	<u>76</u>	<u>12</u>	<u>1,461</u>	<u>706</u>

The principal jointly controlled companies of Swire Properties Limited which have materially affected the results or assets of the Group are shown in Note 45 of Section II.

### 23 AVAILABLE-FOR-SALE ASSETS

#### Group

	As at 31st December			As at
				30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
Unlisted investments .....	<u>7</u>	<u>7</u>	<u>7</u>	<u>9</u>

## 24 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies applied to financial instruments are shown below by line item

**Group**

	At fair value through profit or loss	Available- for-sale	Loans and receivables	Amortised cost	Total carrying amount	Fair value
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Assets per statement of financial position						
At 31st December 2008						
Available for sale assets						
(note 23) .....	—	7	—	—	7	7
Trade and other receivables	—	—	977	—	977	977
Short term deposits and bank balances (note 29)....	—	—	1,319	—	1,319	1,319
Total .....	<u>—</u>	<u>7</u>	<u>2,296</u>	<u>—</u>	<u>2,303</u>	<u>2,303</u>
At 31st December 2009						
Available for sale assets						
(note 23) .....	—	7	—	—	7	7
Trade and other receivables	—	—	1,287	—	1,287	1,287
Amount due from immediate holding company						
(note 33) .....	—	—	167	—	167	167
Short term deposits and bank balances (note 29)....	—	—	1,066	—	1,066	1,066
Total .....	<u>—</u>	<u>7</u>	<u>2,520</u>	<u>—</u>	<u>2,527</u>	<u>2,527</u>
At 31st December 2010						
Available for sale assets						
(note 23) .....	—	7	—	—	7	7
Trade and other receivables	—	—	1,141	—	1,141	1,141
Amount due from immediate holding company						
(note 33) .....	—	—	106	—	106	106
Short term deposits and bank balances (note 29)....	—	—	1,042	—	1,042	1,042
Total .....	<u>—</u>	<u>7</u>	<u>2,289</u>	<u>—</u>	<u>2,296</u>	<u>2,296</u>

	At fair value through profit or loss	Available- for-sale	Loans and receivables	Amortised cost	Total carrying amount	Fair value
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
At 30th June 2011						
Available for sale assets						
(note 23) .....	—	9	—	—	9	9
Trade and other receivables	—	—	1,424	—	1,424	1,424
Amount due from immediate holding company						
(note 33) .....	—	—	139	—	139	139
Short term deposits and bank balances (note 29)....	—	—	1,125	—	1,125	1,125
Total .....	<u>—</u>	<u>9</u>	<u>2,688</u>	<u>—</u>	<u>2,697</u>	<u>2,697</u>
Liabilities as per statement of financial position						
At 31st December 2008						
Trade and other payables ....	—	—	—	4,120	4,120	4,120
Bank overdrafts and short-term loans						
(note 31) .....	—	—	—	967	967	967
Long term loans (note 35)....	—	—	—	2,748	2,748	2,748
Total .....	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,835</u>	<u>7,835</u>	<u>7,835</u>
At 31st December 2009						
Trade and other payables ....	690	—	—	4,491	5,181	5,181
Bank overdrafts and short-term loans (note 31) .....	—	—	—	949	949	949
Long term loans (note 35)....	—	—	—	3,280	3,280	3,280
Total .....	<u>690</u>	<u>—</u>	<u>—</u>	<u>8,720</u>	<u>9,410</u>	<u>9,410</u>
At 31st December 2010						
Trade and other payables ....	678	—	—	4,495	5,173	5,173
Bank overdrafts and short-term loans						
(note 31) .....	—	—	—	991	991	991
Long term loans (note 35)....	—	—	—	4,685	4,685	4,685
Total .....	<u>678</u>	<u>—</u>	<u>—</u>	<u>10,171</u>	<u>10,849</u>	<u>10,849</u>



	At fair value through profit or loss	Available- for-sale	Loans and receivables	Amortised cost	Total carrying amount	Fair value
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
At 30th June 2011						
Trade and other payables ....	818	—	—	5,263	6,081	6,081
Bank overdrafts and short-term loans (note 31) .....	—	—	—	921	921	921
Long term loans (note 35)....	—	—	—	6,026	6,026	6,026
Total .....	<u>818</u>	<u>—</u>	<u>—</u>	<u>12,210</u>	<u>13,028</u>	<u>13,028</u>

**Company**

	At fair value through profit or loss	Available- for-sale	Loans and receivables	Amortised cost	Total carrying amount	Fair value
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Assets per statement of financial position						
At 31st December 2008						
Trade and other receivables (note 28) .....	—	—	70	—	70	70
Short term deposits and bank balances (note 29)....	—	—	2	—	2	2
Total .....	<u>—</u>	<u>—</u>	<u>72</u>	<u>—</u>	<u>72</u>	<u>72</u>
At 31st December 2009						
Trade and other receivables (note 28) .....	—	—	48	—	48	48
Amount due from immediate holding company (note 33) .....	—	—	167	—	167	167
Short term deposits and bank balances (note 29)....	—	—	4	—	4	4
Total .....	<u>—</u>	<u>—</u>	<u>219</u>	<u>—</u>	<u>219</u>	<u>219</u>

	At fair value through profit or loss	Available- for-sale	Loans and receivables	Amortised cost	Total carrying amount	Fair value
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
At 31st December 2010						
Trade and other receivables (note 28) .....	—	—	55	—	55	55
Short term deposits and bank balances (note 29)....	—	—	285	—	285	285
Total .....	—	—	340	—	340	340
At 30th June 2011						
Trade and other receivables (note 28) .....	—	—	28	—	28	28
Short term deposits and bank balances (note 29)....	—	—	156	—	156	156
Total .....	—	—	184	—	184	184
Liabilities as per statement of financial position						
At 31st December 2008						
Trade and other payables (note 30) .....	—	—	—	1,769	1,769	1,769
Total .....	—	—	—	1,769	1,769	1,769
At 31st December 2009						
Trade and other payables (note 30) .....	—	—	—	1,292	1,292	1,292
Total .....	—	—	—	1,292	1,292	1,292
At 31st December 2010						
Trade and other payables (note 30) .....	—	—	—	2,691	2,691	2,691
Total .....	—	—	—	2,691	2,691	2,691
At 30th June 2011						
Trade and other payables (note 30) .....	—	—	—	3,318	3,318	3,318
Total .....	—	—	—	3,318	3,318	3,318

Financial instruments that are measured at fair value are included in the following fair value hierarchy:

**Group**

	<b>Level 2</b>
	<b>HK\$M</b>
Assets per statement of financial position	
At 31st December 2008	
Available for sale assets (note 23) .....	7
Total .....	<u>7</u>
At 31st December 2009	
Available for sale assets (note 23) .....	7
Total .....	<u>7</u>
At 31st December 2010	
Available for sale assets (note 23) .....	7
Total .....	<u>7</u>
At 30th June 2011	
Available for sale assets (note 23) .....	9
Total .....	<u>9</u>
Liabilities as per statement of financial position	
At 31st December 2008	
Non-controlling interest put option (note 30) .....	—
Total .....	<u>—</u>
At 31st December 2009	
Non-controlling interest put option (note 30) .....	690
Total .....	<u>690</u>
At 31st December 2010	
Non-controlling interest put option (note 30) .....	678
Total .....	<u>678</u>
At 30th June 2011	
Non-controlling interest put option (note 30) .....	818
Total .....	<u>818</u>

*Note:*

Level 2 - Financial instruments measured at fair value using inputs other than quoted prices but where those inputs are based on observable market data.

**25 RETIREMENT BENEFITS**

The Group operates various retirement benefit plans providing resignation and retirement benefits to staff on both a contributory and non-contributory basis. The assets of the plans are administered by trustees and are maintained independently of the Group's finances. The majority of the plans are of the defined benefit type and contributions to such plans are made in accordance with the funding rates recommended by independent qualified actuaries to ensure that the plans will be able to meet their liabilities as they become due. The funding rates are subject to annual review and are determined by taking into consideration the difference between the market values of the plans' assets and the present value of accrued past services liabilities, on an on-going basis, as computed by reference to actuarial valuations. The plans in Hong Kong are valued annually by qualified actuaries, Tower Watson (formerly known as Watson Wyatt Hong Kong Limited), for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance. For the year ended 31st December 2010, the funding level was 107% (2009: 83%) of the accrued actuarial liabilities on an ongoing basis.

All new employees are offered the choice of joining the retirement benefit plan or the mandatory provident fund ("MPF") scheme. Where staff elect to join the MPF scheme, both the Company and staff are required to contribute 5% of the employees' relevant monthly income (capped at HK\$20,000). Staff may elect to contribute more than the minimum as a voluntary contribution. Employees engaged outside Hong Kong are covered by appropriate local arrangements.

Total retirement benefit costs recognised in the consolidated income statement for the years ended 31st December 2008, 2009, 2010 and the six months ended 30th June 2011 amounted to HK\$31 million, HK\$42 million, HK\$31 million and HK\$15 million, including HK\$3 million, HK\$3 million HK\$4 million and HK\$2 million in respect of defined contribution plans.

The defined benefit plan is valued using the projected unit credit method in accordance with HKAS 19. For the year ended 31st December 2009, the HKAS 19 disclosures shown in the accounts are based on valuations prepared by Towers Watson at 31st December 2009. For the year ended 31st December 2010 and the six months ended 30 June 2011, the HKAS 19 disclosures are based on valuations prepared by Towers Watson at 31st December 2009, which were updated by Cannon Trustees Limited, the main administration manager of the Group's defined benefit plan. For the year ended 31st December 2008, the HKAS 19 disclosures are based on valuations prepared by Watson Wyatt at 31st December 2006, which were updated at 31st December 2008 by Cannon Trustees Limited, the main administration manager of the Group's defined benefit plan.

(a) The amounts recognised in the statement of financial position are as follows:

**Group**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
Present value of funded obligations.....	429	516	547	588
Fair value of plan assets .....	(397)	(532)	(594)	(588)
	32	(16)	(47)	—
Net unrecognised actuarial gains.....	(84)	(44)	(36)	(96)
Net retirement benefit assets .....	<u>(52)</u>	<u>(60)</u>	<u>(83)</u>	<u>(96)</u>
Represented by:				
Retirement benefit assets .....	(52)	(60)	(83)	(96)
Retirement benefit liabilities .....	—	—	—	—
	<u>(52)</u>	<u>(60)</u>	<u>(83)</u>	<u>(96)</u>

**Company**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
Present value of funded obligations.....	349	428	451	479
Fair value of plan assets .....	(320)	(442)	(492)	(481)
	29	(14)	(41)	(2)
Net unrecognised actuarial gains.....	(74)	(45)	(38)	(87)
Net retirement benefit assets .....	<u>(45)</u>	<u>(59)</u>	<u>(79)</u>	<u>(89)</u>
Represented by:				
Retirement benefit assets .....	(45)	(59)	(79)	(89)
Retirement benefit liabilities .....	—	—	—	—
	<u>(45)</u>	<u>(59)</u>	<u>(79)</u>	<u>(89)</u>

(b) Changes in the present value of the defined benefit obligation are as follows:

**Group**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January.....	487	429	516	547
Service cost .....	53	42	47	26
Interest cost .....	17	23	24	11
Actuarial (gains)/losses .....	(104)	53	15	54
Benefits paid.....	(25)	(33)	(55)	(50)
Transfers.....	1	2	—	—
At 31st December/30th June .....	<u>429</u>	<u>516</u>	<u>547</u>	<u>588</u>

**Company**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January.....	397	349	428	451
Service cost .....	42	33	38	21
Interest cost .....	14	19	20	9
Actuarial (gains)/losses .....	(86)	50	13	45
Benefits paid.....	(19)	(26)	(48)	(47)
Transfers.....	1	3	—	—
At 31st December/30th June .....	<u>349</u>	<u>428</u>	<u>451</u>	<u>479</u>

(c) Changes in the fair value of plan assets are as follows:

**Group**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January.....	579	397	532	594
Expected return.....	41	29	44	24
Actuarial (losses)/gains.....	(233)	90	22	(6)
Contributions by employer.....	39	47	51	26
Benefits paid.....	(25)	(33)	(55)	(50)
Transfers.....	(4)	2	—	—
At 31st December/30th June .....	<u>397</u>	<u>532</u>	<u>594</u>	<u>588</u>

**Company**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January.....	465	320	442	492
Expected return.....	33	23	37	19
Actuarial (losses)/gains.....	(187)	76	19	(4)
Contributions by employer.....	31	46	42	21
Benefits paid.....	(19)	(26)	(48)	(47)
Transfers.....	(3)	3	—	—
At 31st December/30th June .....	<u>320</u>	<u>442</u>	<u>492</u>	<u>481</u>

(d) Net expenses recognised in the consolidated income statement are as follows:

**Group**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
Current service cost .....	50	42	47	26
Past service cost .....	3	—	—	—
Interest cost .....	17	23	24	11
Expected return on plan assets .....	(41)	(29)	(44)	(24)
Net actuarial (gains)/losses .....	(1)	3	—	—
	<u>28</u>	<u>39</u>	<u>27</u>	<u>13</u>
Actual (gains) and losses on plan assets.....	<u>(192)</u>	<u>119</u>	<u>66</u>	<u>18</u>

The above net expenses were included in cost of sales and administrative expenses in the consolidated income statement.

(e) Plan assets consist of the following:

**Group**

	As at 31st December						As at 30th June	
	2008		2009		2010		2011	
	HK\$M	%	HK\$M	%	HK\$M	%	HK\$M	%
Equity securities .....	251	63	336	63	389	65	379	64
Government bonds .....	85	21	99	19	92	16	104	18
Corporate bonds .....	64	16	94	18	115	19	104	18
Cash/(bank overdraft).....	(3)	—	3	—	(2)	—	1	—
At 31st December/ 30th June.....	<u>397</u>	<u>100</u>	<u>532</u>	<u>100</u>	<u>594</u>	<u>100</u>	<u>588</u>	<u>100</u>



(f) Amounts for the year ended 31st December and previous four periods and six months ended 30th June 2011 are as follows:

**Group**

	As at 31st December					As at 30th June
	2006	2007	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Defined benefit obligations.....	420	487	429	516	547	588
Plan assets .....	(460)	(579)	(397)	(532)	(594)	(588)
(Surplus)/deficit .....	(40)	(92)	32	(16)	(47)	—
Experience adjustments on plan liabilities .....	21	16	6	31	14	25
Experience adjustments on plan assets .....	(25)	(64)	233	(90)	(22)	6

(g) The principal actuarial assumptions used are as follows:

**Group**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
Discount rate .....	5.3%	4.75%	4.4%	4.02%
Expected rate of return on plan assets.....	7%	8%	8%	8%
Expected rate of future salary increases .....	3.57%	2%	3.57%	3.57%-3.77%

The expected return on plan assets reflects the portfolio mix of assets, which itself is determined by the Group's current investment policy. Expected returns on equities and bonds reflect long-term real rates of return experienced in the respective markets.

## 26 PROPERTIES UNDER/HELD FOR DEVELOPMENT AND PROPERTIES FOR SALE

## Group

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Properties held for development				
Freehold land.....	471	441	443	659
Properties for sale				
Completed properties				
- development costs.....	421	407	388	348
- freehold land.....	13	10	9	8
- leasehold land.....	—	—	4	4
Properties under development				
- development costs.....	429	293	673	893
Leasehold land held under development .....	1,290	2,600	4,480	4,480
	<u>2,153</u>	<u>3,310</u>	<u>5,554</u>	<u>5,733</u>

## 27 STOCK AND WORK IN PROGRESS

## Group

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Trading goods.....	6	7	13	11
Store and spare parts .....	33	40	35	42
Work in progress.....	10	9	11	9
	<u>49</u>	<u>56</u>	<u>59</u>	<u>62</u>

## 28 TRADE AND OTHER RECEIVABLES

## Group

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Trade debtors .....	145	184	204	199
Other receivables .....	850	1,127	964	1,269
	<u>995</u>	<u>1,311</u>	<u>1,168</u>	<u>1,468</u>

## Company

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Trade debtors .....	57	2	13	21
Other receivables .....	17	49	45	10
	<u>74</u>	<u>51</u>	<u>58</u>	<u>31</u>

The analysis of the age of trade debtors at year-end (based on the invoice date) is as follows:

## Group

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Under three months.....	134	175	195	189
Between three and six months.....	5	3	3	4
Over six months.....	6	6	6	6
	<u>145</u>	<u>184</u>	<u>204</u>	<u>199</u>

**Company**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
Under three months.....	57	2	13	21
Between three and six months.....	—	—	—	—
Over six months.....	—	—	—	—
	<u>57</u>	<u>2</u>	<u>13</u>	<u>21</u>

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

The Group does not grant any credit term to its retail customers. At 31st December 2008, 2009, 2010 and 30th June 2011, trade debtors of HK\$145 million, HK\$184 million, HK\$204 million and HK\$199 million were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at 31st December 2008, 2009, 2010 and 30th June 2011 is the carrying value of trade debtors disclosed above. The value of rental deposits from tenants held as security at 31st December 2008, 2009, 2010 and 30th June 2011 was HK\$1,544 million, HK\$1,620 million, HK\$1,810 million and HK\$1,919 million.

**29 CASH AND CASH EQUIVALENTS****Group**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
Short-term deposits matured within three months.	650	925	795	805
Bank balances.....	669	141	247	320
	<u>1,319</u>	<u>1,066</u>	<u>1,042</u>	<u>1,125</u>

## Company

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Short-term deposits matured within three months .	—	—	240	129
Bank balances .....	2	4	45	27
	<u>2</u>	<u>4</u>	<u>285</u>	<u>156</u>

The effective interest rates on short-term deposits of the Group during the periods presented ranged from 2008: 0.08% to 1.45%; 2009: 0.01% to 1.17%, 2010: 0.005% to 1.17% and for the period ended 30th June 2011: 0.005% to 1.31%; these deposits have a maturity from 2008: 30 to 90 days; 2009: 30 to 90 days, 2010: 3 to 90 days; and for the period ended 30th June 2011: 4 to 90 days.

The maximum exposure to credit risk in respect of bank balances and short-term deposits at 31st December 2008, 2009, 2010 and 30th June 2011 is the carrying value of the bank balances and short-term deposits disclosed above.

## 30 TRADE AND OTHER PAYABLES

## Group

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Trade creditors.....	523	412	544	457
Amount due to intermediate holding company.....	101	67	99	66
Amount due to immediate holding company.....	101	103	—	—
Interest-bearing advances from a jointly controlled company at 1.40% .....	—	—	—	225
Interest-bearing advances from an associated company at 31st December 2008: 0.54%; 2009: 0.54%; 2010: 0.54% and 30th June 2011: 0.44% .....	151	149	149	149
Advances from non-controlling interests .....	192	211	214	217
Rental deposits from tenants .....	1,544	1,620	1,810	1,919
Non-controlling interest put option .....	—	690	678	818
Other payables .....	1,534	1,955	1,705	2,256
	<u>4,146</u>	<u>5,207</u>	<u>5,199</u>	<u>6,107</u>

**Company**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
Trade creditors.....	75	20	15	4
Amount due to intermediate holding company.....	—	66	99	—
Amount due to immediate holding company.....	101	103	—	—
Amounts due to subsidiary companies .....	1,405	924	2,386	3,106
Interest-bearing advances from an associated company at 31st December 2008: 0.54%; 2009: 0.54%; 2010: 0.54% and 30th June 2011: 0.44% .....	151	149	149	149
Other payables .....	37	30	42	59
	<u>1,769</u>	<u>1,292</u>	<u>2,691</u>	<u>3,318</u>

Apart from certain amounts due to an associated company and jointly controlled entity which are interest-bearing as specified above, the balances are interest free, unsecured and have no fixed terms of repayment.

The analysis of the age of trade creditors at year-end is as follows:

**Group**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
Under three months.....	499	412	543	444
Between three and six months.....	9	—	1	13
Over six months.....	15	—	—	—
	<u>523</u>	<u>412</u>	<u>544</u>	<u>457</u>

**Company**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
Under three months.....	75	20	15	4
Between three and six months.....	—	—	—	—
Over six months.....	—	—	—	—
	<u>75</u>	<u>20</u>	<u>15</u>	<u>4</u>

**31 BANK OVERDRAFTS AND SHORT-TERM LOANS**

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Bank overdrafts and short-term loans, unsecured..	967	949	991	921

*Notes:*

- (a) The effective interest rates per annum on short-term loans at the period end date ranged from 31st December 2008: 2.19% to 7.97%; 31st December 2009: 3.11% to 6.11%; 31st December 2010: 3.02% to 4.37%; 30th June 2011: 4.82% to 6.44%
- (b) The carrying amount of the balances are denominated in Renminbi and US dollar and approximate to their fair value.

**32 AMOUNT DUE TO FELLOW SUBSIDIARY COMPANIES**

The amount due to fellow subsidiary companies are unsecured, repayable on various dates up to 2019 and bears interest at a combination of fixed and floating rate which effectively was at 31st December 2008: 4.85% per annum; 2009: 3.67% per annum; 2010 3.75% per annum and at 30th June 2011: 3.31% per annum.

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Repayable within one year .....	30,410	31,304	5,228	5,674
Repayable between one and two years .....	—	—	7,128	10,434
Repayable between two and five years .....	—	—	3,800	5,642
Repayable after five years.....	—	—	16,046	11,360
	30,410	31,304	32,202	33,110
Amount due within one year included under current liabilities .....	(30,410)	(31,304)	(5,228)	(5,674)
	—	—	26,974	27,436

The carrying amount of the balances approximate to their fair value.

**33 AMOUNT DUE FROM/(TO) IMMEDIATE HOLDING COMPANY**

The amount due from/(to) immediate holding company was unsecured, interest free, and had no fixed terms of repayment.

## 34 DEFERRED TAXATION

The movement on the net deferred tax liabilities account is as follows:

**Group**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January .....	1,617	2,239	3,151	3,806
Translation differences .....	(4)	(3)	(5)	(2)
Charged to income statement (note 12) .....	626	915	660	336
	<u>2,239</u>	<u>3,151</u>	<u>3,806</u>	<u>4,140</u>

**Company**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January .....	2	2	—	4
Translation differences .....	—	—	—	—
(Credited)/charged to income statement (note 12).	—	(2)	4	(1)
	<u>2</u>	<u>—</u>	<u>4</u>	<u>3</u>

Deferred tax assets are recognised in respect of tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses at 31st December 2008: HK\$141 million, 2009: HK\$274 million, 2010: HK\$914 million and 30th June 2011: HK\$890 million to carry forward against future taxable income. These amounts are analysed as follows:

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
No expiry date .....	141	274	665	653
Expiring in 2013 .....	—	—	5	19
Expiring in 2014 .....	—	—	80	57
Expiring in 2015 .....	—	—	164	161
	<u>141</u>	<u>274</u>	<u>914</u>	<u>890</u>



The movement in deferred tax assets and liabilities (prior to offsetting balances within the same taxation jurisdiction) during the year is as follows:

**Deferred tax liabilities**

	<b>Group</b>							
	<b>Accelerated tax depreciation</b>		<b>Valuation of investment properties</b>		<b>Others</b>		<b>Total</b>	
	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>
At 1st January .....	1,707	1,902	(6)	412	(19)	142	1,682	2,456
Translation differences .....	—	—	—	—	—	(3)	—	(3)
Charged/(credited) to income statement .....	195	228	418	718	161	54	774	1,000
At 31st December .....	<u>1,902</u>	<u>2,130</u>	<u>412</u>	<u>1,130</u>	<u>142</u>	<u>193</u>	<u>2,456</u>	<u>3,453</u>

	<b>Company</b>			
	<b>Accelerated tax depreciation</b>		<b>Total</b>	
	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>
At 1st January .....	2	2	2	2
Credited to income statement .....	—	(2)	—	(2)
At 31st December .....	<u>2</u>	<u>—</u>	<u>2</u>	<u>—</u>

**Deferred tax assets**

	<b>Group</b>					
	<b>Tax losses</b>		<b>Others</b>		<b>Total</b>	
	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>
At 1st January .....	(44)	(143)	(21)	(74)	(65)	(217)
Translation differences ...	(2)	—	(2)	—	(4)	—
(Credited)/charged to income statement .....	(97)	51	(51)	(136)	(148)	(85)
At 31st December .....	<u>(143)</u>	<u>(92)</u>	<u>(74)</u>	<u>(210)</u>	<u>(217)</u>	<u>(302)</u>

	<b>Group</b>							
	<b>Accelerated tax depreciation</b>		<b>Valuation of investment properties</b>		<b>Others</b>		<b>Total</b>	
	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>
At 1st January .....	1,902	2,130	412	1,130	142	193	2,456	3,453
Translation differences .....	—	—	—	—	(3)	—	(3)	—
Charged/(credited) to income statement .....	228	182	718	384	54	(12)	1,000	554
At 31st December .....	<u>2,130</u>	<u>2,312</u>	<u>1,130</u>	<u>1,514</u>	<u>193</u>	<u>181</u>	<u>3,453</u>	<u>4,007</u>

	<b>Company</b>			
	<b>Accelerated tax depreciation</b>		<b>Total</b>	
	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>
At 1st January .....	2	—	2	—
(Credited)/ charged to income statement .....	(2)	4	(2)	4
At 31st December .....	<u>—</u>	<u>4</u>	<u>—</u>	<u>4</u>

**Deferred tax assets**

	<b>Group</b>					
	<b>Tax losses</b>		<b>Others</b>		<b>Total</b>	
	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>
At 1st January .....	(143)	(92)	(74)	(210)	(217)	(302)
Translation differences .....	—	(5)	—	—	—	(5)
Charged/(credited) to income statement .....	51	54	(136)	52	(85)	106
At 31st December .....	<u>(92)</u>	<u>(43)</u>	<u>(210)</u>	<u>(158)</u>	<u>(302)</u>	<u>(201)</u>

	<b>Group</b>			
	<b>Accelerated tax depreciation</b>	<b>Valuation of investment properties</b>	<b>Others</b>	<b>Total</b>
	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>
	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>
At 1st January	2,312	1,514	181	4,007
Translation differences .....	—	—	—	—
Charged to income statement .....	84	227	17	328
At 30th June .....	<u>2,396</u>	<u>1,741</u>	<u>198</u>	<u>4,335</u>

	<b>Company</b>	
	<b>Accelerated tax depreciation</b>	<b>Total</b>
	<b>2011</b>	<b>2011</b>
	<b>HK\$M</b>	<b>HK\$M</b>
At 1st January .....	4	4
Credited to income statement .....	(1)	(1)
At 30th June .....	<u>3</u>	<u>3</u>

**Deferred tax assets**

	<b>Group</b>		
	<b>Tax losses</b>	<b>Others</b>	<b>Total</b>
	<b>2011</b>	<b>2011</b>	<b>2011</b>
	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>
At 1st January .....	(43)	(158)	(201)
Translation differences .....	(2)	—	(2)
Charged/(credited) to income statement .....	31	(23)	8
At 30th June .....	<u>(14)</u>	<u>(181)</u>	<u>(195)</u>

Deferred tax assets and liabilities are netted off when the taxes relate to the same taxation authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately in the statement of financial position.

**Group**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
Deferred tax assets:				
- to be recovered after more than 12months.....	(46)	(116)	(94)	(75)
- to be recovered within 12 months .....	—	—	—	—
	<u>(46)</u>	<u>(116)</u>	<u>(94)</u>	<u>(75)</u>
Deferred tax liabilities:				
- to be settled after more than 12months.....	2,285	3,267	3,900	4,215
- to be settled within 12 months .....	—	—	—	—
	<u>2,285</u>	<u>3,267</u>	<u>3,900</u>	<u>4,215</u>
	<u>2,239</u>	<u>3,151</u>	<u>3,806</u>	<u>4,140</u>

**Company**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
Deferred tax liabilities:				
- to be settled after more than 12months.....	2	—	4	3
- to be settled within 12 months .....	—	—	—	—
	<u>2</u>	<u>—</u>	<u>4</u>	<u>3</u>
	<u>2</u>	<u>—</u>	<u>4</u>	<u>3</u>

**35 LONG-TERM LOANS**

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
Bank loans, unsecured.....	2,748	3,280	4,685	6,026
Less :Bank loans due within one year and included under current liabilities .....	—	—	(3,103)	(273)
	<u>2,748</u>	<u>3,280</u>	<u>1,582</u>	<u>5,753</u>

- (a) The effective interest rate per annum on bank loans at the period-end date ranged from 31st December 2008: 8.32%; 31st December 2009: 1.41% to 5.94%; 31st December 2010: 1.41% to 5.94% and 30th June 2011 0.99% to 7.04%.

(b) Bank loans are repayable as follows:

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Repayable:				HK\$M
Within one year .....	—	—	3,103	273
Between one to two years .....	2,748	2,899	—	350
Between two to five years .....	—	381	1,582	5,403
	<u>2,748</u>	<u>3,280</u>	<u>4,685</u>	<u>6,026</u>

(c) The carrying amounts of these long-term loans approximate to their fair value and are denominated in the following currencies:

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Renminbi .....	2,726	3,136	4,476	5,613
Pounds sterling .....	22	62	60	63
United States dollar .....	—	82	149	350
	<u>2,748</u>	<u>3,280</u>	<u>4,685</u>	<u>6,026</u>

### 36 SHARE CAPITAL

#### Company

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Authorised:				HK\$M
Ordinary shares of HK\$1 each 31st December				
2008: 800,000,000; 31st December 2009:				
30,000,000,000; 31st December 2010:				
30,000,000,000 and 30th June 2011:				
30,000,000,000 .....	<u>800</u>	<u>30,000<sup>1</sup></u>	<u>30,000</u>	<u>30,000</u>
Issued and fully paid:				
Ordinary shares of HK\$1 each 31st December				
2008: 612,036,542; 31st December 2009:				
4,581,651,542; 31st December 2010:				
5,690,000,000; and 30th June 2011:				
5,690,000,000 .....	<u>612</u>	<u>4,582<sup>1</sup></u>	<u>5,690<sup>2</sup></u>	<u>5,690</u>

*Note 1:* Pursuant to ordinary resolutions of the Company passed as of 31st December 2009, the authorised share capital of the Company was increased from 800,000,000 ordinary shares of HK\$1 each to 30,000,000,000 ordinary shares of HK\$1 each by creation of an additional 29,200,000,000 ordinary shares of HK\$1 each.

On 31st December 2009, the Company issued and allotted 3,969,615,000 ordinary shares of HK\$1 each at par to capitalize an intercompany debt owed to the immediate holding company of the Company, Swire Pacific Limited, in the amount of HK\$3,969,615,000.

*Note 2:* Pursuant to a directors' resolution dated 25th January 2010, 1,108,132,451 ordinary shares credited as fully paid up were allotted to the immediate holding company in consideration of the acquisition from the immediate holding company of the shares of Swire Properties US Inc and Swire Properties One LLC and all the outstanding related loan notes of Swire Properties US Inc from the immediate holding company. Such share allotment of HK\$1,108,132,451 is deemed to have been in issuance since 1st January 2008 because of the adoption of merger accounting for the purpose of the Company's consolidated accounts.

### 37 RESERVES

	Revenue reserve	Share premium account	Merger account	Property revaluation reserve	Cash flow hedge reserve	Translation reserve	Total
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Group							
At 1st January 2008	108,391	259	(1,108)	—	(1)	336	107,877
<b>Profit for the year</b> .....	<b>3,268</b>	—	—	—	—	—	<b>3,268</b>
<b>Other comprehensive income</b>							
Share of other comprehensive income of jointly controlled and associated companies .....	—	—	—	—	(3)	154	151
Net translation differences on foreign operations .....	—	—	—	—	—	155	155
<b>Total comprehensive income for the year</b> .....	<b>3,268</b>	—	—	—	<b>(3)</b>	<b>309</b>	<b>3,574</b>
2007 final dividend .....	(1,652)	—	—	—	—	—	(1,652)
2008 interim dividend.....	(1,214)	—	—	—	—	—	(1,214)
<b>At 31st December 2008</b> .....	<b>108,793</b>	<b>259</b>	<b>(1,108)</b>	<b>—</b>	<b>(4)</b>	<b>645</b>	<b>108,585</b>

**APPENDIX I**
**ACCOUNTANT'S REPORT**

	Revenue reserve	Share premium account	Merger account	Property revaluation reserve	Cash flow hedge reserve	Translation reserve	Total
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Group							
At 1st January 2009	108,793	259	(1,108)	—	(4)	645	108,585
<b>Profit for the year</b> .....	<b>17,257</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>17,257</b>
<b>Other comprehensive income</b>							
Share of other comprehensive income of jointly controlled and associated companies .....	—	—	—	—	3	4	7
Net translation differences on foreign operations .....	—	—	—	—	—	53	53
<b>Total comprehensive income for the year</b> .....	<b>17,257</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3</b>	<b>57</b>	<b>17,317</b>
2008 final dividend .....	(1,752)	—	—	—	—	—	(1,752)
2009 interim dividend paid prior to the merger .....	(25)	—	—	—	—	—	(25)
<b>At 31st December 2009</b> .....	<b><u>124,273</u></b>	<b><u>259</u></b>	<b><u>(1,108)</u></b>	<b><u>—</u></b>	<b><u>(1)</u></b>	<b><u>702</u></b>	<b><u>124,125</u></b>
At 1st January 2010	124,273	259	(1,108)	—	(1)	702	124,125
<b>Profit for the year</b> .....	<b>26,045</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>26,045</b>
<b>Other comprehensive income</b>							
Revaluation of property previously occupied by the Group .....	—	—	—	1,448	—	—	1,448
Share of other comprehensive income of jointly controlled and associated companies .....	—	—	—	—	1	131	132
Net translation differences on foreign operations .....	—	—	—	—	—	438	438
<b>Total comprehensive income for the year</b> .....	<b>26,045</b>	<b>—</b>	<b>—</b>	<b>1,448</b>	<b>1</b>	<b>569</b>	<b>28,063</b>
2010 interim dividend paid prior to the merger (note 14) .....	(1)	—	—	—	—	—	(1)
<b>At 31st December 2010</b> .....	<b><u>150,317</u></b>	<b><u>259</u></b>	<b><u>(1,108)</u></b>	<b><u>1,448</u></b>	<b><u>—</u></b>	<b><u>1,271</u></b>	<b><u>152,187</u></b>

## APPENDIX I

## ACCOUNTANT'S REPORT

	Revenue reserve	Share premium account	Merger account	Property revaluation reserve	Cash flow hedge reserve	Translation reserve	Total
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January 2011	150,317	259	(1,108)	1,448	—	1,271	152,187
<b>Profit for the period</b> .....	<b>20,023</b>	—	—	—	—	—	<b>20,023</b>
<b>Other comprehensive income</b>							
Revaluation of property previously occupied by the Group .....	—	—	—	34	—	—	34
Share of other comprehensive income of jointly controlled and associated companies .....	—	—	—	—	—	120	120
Net translation differences on foreign operations .....	—	—	—	—	—	314	314
<b>Total comprehensive income for the period</b> .....	<b>20,023</b>	—	—	<b>34</b>	—	<b>434</b>	<b>20,491</b>
2010 final dividend .....	(2,425)	—	—	—	—	—	(2,425)
<b>At 30th June 2011</b> .....	<b>167,915</b>	<b>259</b>	<b>(1,108)</b>	<b>1,482</b>	<b>—</b>	<b>1,705</b>	<b>170,253</b>
At 1st January 2010	124,273	259	(1,108)	—	(1)	702	124,125
<b>Profit for the period</b> .....	<b>7,792</b>	—	—	—	—	—	<b>7,792</b>
<b>Other comprehensive income</b>							
Revaluation of property previously occupied by the Group .....	—	—	—	837	—	—	837
Share of other comprehensive income of jointly controlled and associated companies .....	—	—	—	—	—	2	2
Net translation differences on foreign operations .....	—	—	—	—	—	81	81
<b>Total comprehensive income for the period</b> .....	<b>7,792</b>	—	—	<b>837</b>	—	<b>83</b>	<b>8,712</b>
2010 interim dividend .....	—	—	—	—	—	—	—
<b>At 30th June 2010</b> .....	<b>132,065</b>	<b>259</b>	<b>(1,108)</b>	<b>837</b>	<b>(1)</b>	<b>785</b>	<b>132,837</b>



	Company		
	Revenue reserve	Share premium account	Total
	HK\$M	HK\$M	HK\$M
At 1st January 2008 .....	27,287	259	27,546
Profit for the year .....	1,706	—	1,706
2007 final dividend .....	(1,652)	—	(1,652)
2008 interim dividend .....	(1,032)	—	(1,032)
At 31st December 2008.....	<u>26,309</u>	<u>259</u>	<u>26,568</u>
At 1st January 2009 .....	26,309	259	26,568
Profit for the year .....	1,946	—	1,946
2008 final dividend .....	(1,752)	—	(1,752)
At 31st December 2009.....	<u>26,503</u>	<u>259</u>	<u>26,762</u>
At 1st January 2010 .....	26,503	259	26,762
Profit for the year .....	2,491	—	2,491
At 31st December 2010.....	<u>28,994</u>	<u>259</u>	<u>29,253</u>
At 1st January 2011 .....	28,994	259	29,253
Profit for the year .....	3,653	—	3,653
2010 final dividend .....	(2,425)	—	(2,425)
At 30th June 2011.....	<u>30,222</u>	<u>259</u>	<u>30,481</u>

For the years ended 31st December 2008, 2009 and 2010 the Group and Company revenue reserves include HK\$1,752 million, HK\$Nil, HK\$2,425 million representing the proposed final dividend for the year.

## 38 NON-CONTROLLING INTERESTS

## Group

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January .....	800	1,068	424	479
Share of profits less losses for the period .....	232	96	49	46
Share of other comprehensive income - translation differences on foreign operations.....	33	—	3	1
Dividends paid and payable .....	(7)	(2)	(8)	(4)
Capital contribution from non-controlling interests.....	10	13	11	—
Recognition of non-controlling interest put option .....	—	(751)	—	—
At 31st December/30th June .....	<u>1,068</u>	<u>424</u>	<u>479</u>	<u>522</u>

## 39 CAPITAL COMMITMENTS

## Group

	As at 31st December			As at 30th June
	2008	2009	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M
Outstanding capital commitments at the year-end in respect of:				
(a) Property, plant and equipment				
- Contracted for .....	1,594	291	103	446
- Authorised by Directors but not contracted for .....	891	707	902	343
(b) Investment properties				
- Contracted for .....	3,887	2,920	2,017	1,160
- Authorised by Directors but not contracted for .....	1,369	1,448	1,513	1,672
The Group's share of capital commitments of jointly controlled companies at the period end*				
- Contracted for .....	255	397	1,755	1,281
- Authorised by Directors but not contracted for .....	5,096	4,919	5,202	5,570
	<u>5,351</u>	<u>5,316</u>	<u>6,957</u>	<u>6,851</u>

\* of which the Group is committed to funding 2008: HK\$1,230 million, 2009: HK\$268 million, 2010: HK\$2,459 million and 30th June 2011: HK\$2,715 million.

The Company had no commitments in respect of the above items at 31st December 2008, 2009, 2010 and 30th June 2011.

### Other Commitments

At 31st December 2008, 2009, 2010 and 30th June 2011 the Group had unprovided contractual obligations for future repairs and maintenance on investment properties of HK\$184 million, HK\$158 million, HK\$146 million and HK\$150 million respectively.

## 40 CONTINGENCIES

### Group

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
				HK\$M
(a) Bank guarantees given in lieu of utility deposits .....	92	98	101	94
(b) Guarantees given in respect of bank mortgage loan to staff .....	1	—	—	—

### Company

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
				HK\$M
(a) Bank guarantees given in lieu of utility deposits .....	92	98	101	94
(b) Guarantees given in respect of bank mortgage loans to staff .....	1	—	—	—
(c) Guarantees provided in respect of bank loans and other liabilities of:				
— Subsidiary companies .....	2,939	4,048	5,674	6,997
(d) Contingent tax liability				

Certain wholly-owned subsidiaries of the Company have been unable to finalise their liability to profits tax in respect of the years 1997/98 to 2004/05 inclusive as a consequence of queries raised by the Hong Kong Inland Revenue Department (“IRD”). These queries relate to the deductibility, in the assessment of profits tax, of interest on borrowings of those subsidiaries during the periods under review. A number of discussions have taken place between those subsidiaries and the IRD to understand the precise nature of the IRD queries. However, at this stage there is insufficient

information available to determine reliably the ultimate outcome of the IRD's review with an acceptable degree of certainty. Consequently no provision has been recognised in these accounts for any amounts that may fall due in regard to these queries. The IRD has issued Notices of Assessment totalling HK\$492 million in respect of their queries for the years under review. The subsidiaries involved have objected to these assessments. The IRD has agreed to hold over conditionally part of the tax in dispute in the sum of HK\$16 million and one of the subsidiaries involved has purchased a Tax Reserve Certificate of the same amount. The IRD has agreed to hold over unconditionally the balance of the tax in dispute in the sum of HK\$476 million. In addition, the estimated interest which would be payable in respect of the Notices of Assessment totalled HK\$224 million as at 30th June 2011. It is not possible, given the lack of information available, to determine the ultimate outcome of the IRD's review of this matter and consequently to make a judgment as to its materiality. Swire Pacific has undertaken to the Company that, if any subsidiary of the Company referred to in this paragraph is required to pay to the IRD any amount of tax in response or by reference to any notice of assessment referred to in this paragraph (or to any corresponding notice of assessment issued in respect of any year of assessment from the years of assessment 2005/06 to 2010/11 inclusive), Swire Pacific will pay to the Company an amount equal to the amount of such payment. This undertaking will expire on the third anniversary of the Listing Date except where a provision for a relevant payment has, with the agreement of Swire Pacific, previously been made in the accounts of any such subsidiary.

#### 41 OPERATING LEASE COMMITMENTS

The Group acts as lessor and lessee under operating leases. Details of the Group's commitments under non-cancellable operating leases are set out as follows:

##### (a) Lessor

The Group leases out land and buildings under operating leases. The leases for land and buildings typically run for a period of three to six years. The turnover-related rental income received during the years ended 31st December 2008, 2009, 2010 and the six months ended 30th June 2010 and 2011 amounted to HK\$214 million, HK\$206 million, HK\$295 million, HK\$115 million and HK\$186 million respectively.

The future aggregate minimum lease receipts under non-cancellable operating leases receivable by the Group were as follows:

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
				HK\$M
Land and buildings				
Not later than one year .....	5,140	5,624	6,084	6,507
Later than one year but not later than five years .....	10,126	9,962	12,769	14,488
Later than five years.....	1,510	1,682	2,332	2,656
	<u>16,776</u>	<u>17,268</u>	<u>21,185</u>	<u>23,651</u>

Assets held for deployment on operating leases were as follows:

**Group**

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Investment properties				HK\$M
Fair value .....	<u>129,046</u>	<u>141,832</u>	<u>161,508</u>	<u>177,674</u>

**(b) Lessee**

The Group leases land and buildings under operating leases. These leases typically run for an initial period of one to fifteen years with an option to renew the lease after that date, at which time all terms are renegotiated.

The future aggregate minimum lease payments under non-cancellable operating leases payable by the Group and the Company were as follows:

**Group**

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Land and buildings				HK\$M
Not later than one year .....	3	3	10	10
Later than one year but not later than five years .....	13	10	27	33
Later than five years.....	<u>1</u>	<u>—</u>	<u>70</u>	<u>68</u>
	<u>17</u>	<u>13</u>	<u>107</u>	<u>111</u>

**Company**

	As at 31st December			As at
	2008	2009	2010	30th June
	HK\$M	HK\$M	HK\$M	2011
Not later than one year .....	57	64	44	47
Later than one year but not later than five years..	91	126	130	125
Later than five years.....	<u>—</u>	<u>25</u>	<u>84</u>	<u>70</u>
	<u>148</u>	<u>215</u>	<u>258</u>	<u>242</u>

## 42 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

## (a) Reconciliation of operating profit to cash generated from operations:

*Group*

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
				(Unaudited)	
Operating profit .....	5,371	19,502	26,969	8,108	20,686
Change in fair value of investment properties .....	(358)	(14,407)	(20,480)	(4,855)	(17,553)
Depreciation .....	83	131	214	99	108
Profit on sale of non-trading properties .....	—	(131)	(544)	(544)	—
Amortisation of intangible assets .....	5	5	4	2	1
Amortisation of deferred expenditure .....	18	24	34	15	26
Impairment losses/(reversal) on hotel operations and trading properties ...	78	296	(1)	—	(2)
Other non-cash gains .....	(20)	—	—	—	—
Remeasurement gains and profit on disposal relating to the change of shareholding in PCCW Tower .....	—	—	(342)	—	—
<b>Operating profit before working capital changes .....</b>	<b>5,177</b>	<b>5,420</b>	<b>5,854</b>	<b>2,825</b>	<b>3,266</b>
Increase/(decrease) in amount due to immediate holding company .....	204	6	71	(57)	(33)
(Increase)/decrease in properties for development and for sale .....	(123)	262	(1,245)	(1,204)	(336)
(Increase)/decrease in stocks and work in progress .....	(11)	(8)	(2)	2	(4)
(Increase)/decrease in trade and other receivables .....	(190)	(296)	91	(98)	(312)
Increase in trade and other payables ..	25	58	7	219	980
Increase in retirement benefit assets ..	(6)	(8)	(23)	(12)	(4)
<b>Cash generated from operations .....</b>	<b>5,076</b>	<b>5,434</b>	<b>4,753</b>	<b>1,675</b>	<b>3,557</b>

**(b) Purchase of property, plant and equipment***Group*

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
				(Unaudited)	
Properties .....	1,606	898	361	187	261
Plant and equipment.....	158	42	146	90	15
Total .....	<u>1,764</u>	<u>940</u>	<u>507</u>	<u>277</u>	<u>276</u>

The above figures do not include interest capitalised on property, plant and equipment.

**(c) Analysis of changes in financing during the year***Group (Bank loans)*

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
				(Unaudited)	
At 1st January.....	3,149	3,715	4,229	4,229	5,657
Net cash inflow from financing.....	396	515	1,473	755	1,268
Other non-cash movements .....	170	(1)	(45)	(63)	6
At 31st December/30th June .....	<u>3,715</u>	<u>4,229</u>	<u>5,657</u>	<u>4,921</u>	<u>6,931</u>

*Group (non-controlling interests)*

	Year ended 31st December			Six months ended 30th June	
	2008	2009	2010	2010	2011
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
				(Unaudited)	
At 1st January.....	800	1,068	424	424	479
Net cash inflow from financing.....	10	13	11	11	—
Non-controlling interests' share of profits .....	232	96	49	23	46
Dividends paid to non-controlling interests.....	(7)	(2)	(8)	—	(4)
Other non-cash movements .....	33	—	3	—	1
De-recognition .....	—	(751)	—	—	—
At 31st December/30th June .....	<u>1,068</u>	<u>424</u>	<u>479</u>	<u>458</u>	<u>522</u>

**43 RELATED PARTY TRANSACTIONS**

There is an agreement for services (“Agreement”), in respect of which John Swire & Sons (H.K.) Limited (“JSSHK”) provided services to the Company and under which costs were reimbursed and fees payable. In return for these services, JSSHK received annual fees calculated as 2.5% of the Group’s relevant consolidated profits before taxation and non-controlling interests after certain adjustments. The current Agreement commenced on 1st January 2008 and will last for three years until 31st December 2010. The preceding Agreement, with the same terms and conditions, were from 1st January 2005 to 31st December 2007. For the years ended 31st December 2008, 2009, 2010 and the six months ended 30th June 2010 and 2011, service fees payable amounted to HK\$101 million, HK\$107 million, HK\$115 million, HK\$56 million and HK\$65 million; expenses of HK\$18 million, HK\$26 million, HK\$29 million, HK\$15 million and HK\$22 million were reimbursed at cost; and HK\$23 million, HK\$48 million, HK\$30 million, HK\$17 million and HK\$22 million in respect of shared administrative services was reimbursed.



The following is a summary of other significant transactions between the Group and related parties, in addition to those disclosed elsewhere in the accounts, which were carried out in the normal course of the Group's business.

	Year ended 31st December																	
	Associated companies			Jointly controlled companies			Fellow subsidiary companies			Immediate holding company			Intermediate holding company			Related companies		
	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Purchase of services (Note a) .....	—	—	—	—	7	9	10	—	—	—	—	—	—	—	—	—	—	—
Rental revenue (Note b) .....	—	—	—	—	53	56	64	10	10	7	40	40	40	46	17	13	15	—
Revenue from development profit.....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Management fee paid.....	—	—	—	—	—	—	102	—	—	—	—	—	—	—	—	—	—	—
Interest income (Note c) .....	—	—	34	27	3	—	—	—	—	—	—	—	—	—	—	—	—	—
Interest charges (Note c) .....	5	1	—	—	1,228	1,182	1,202	—	—	—	—	—	—	—	—	—	—	—
	Associated companies			Jointly controlled companies			Fellow subsidiary companies			Immediate holding company			Intermediate holding company			Related companies		
	Six months ended 30th June	2011	2010	Six months ended 30th June	2011	2010	Six months ended 30th June	2011	2010	Six months ended 30th June	2011	2010	Six months ended 30th June	2011	2010	Six months ended 30th June	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Purchase of services (Note a).....	—	—	—	—	—	—	5	4	1	—	—	—	—	—	—	—	—	—
Rental revenue (Note b) .....	—	—	1	1	1	32	34	34	4	4	4	20	30	3	4	—	—	—
Revenue from development profit.....	—	—	—	—	—	—	—	—	2	1	—	—	—	—	—	—	—	—
Revenue from hotels .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Management fee paid .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Interest income (Note c) .....	—	—	1	4	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Interest charges (Note c) .....	—	—	—	—	—	593	585	—	—	—	—	—	—	—	—	—	—	—

*Notes:*

- (a) Purchases of goods and rendering of services to and from related parties were conducted in the normal course of business at prices and on terms no less favourable to the Group than those charged to/by and contracted with other customers/suppliers of the Group.
- (b) The Group has, in the normal course of its business, entered into lease agreements with related parties to lease premises for varying periods up to six years. The leases were entered into on normal commercial terms.
- (c) Loans due from associated companies and jointly controlled companies are disclosed in note 21 and 22 respectively. Advances from associated companies and amount due to fellow subsidiary companies are disclosed in note 30 and 32 respectively.

## 44 IMMEDIATE AND ULTIMATE HOLDING COMPANY

The immediate holding company is Swire Pacific Limited, a company incorporated and listed in Hong Kong. The ultimate holding company is John Swire & Sons Limited, a company incorporated in England and Wales.

## 45 PRINCIPAL SUBSIDIARY, ASSOCIATED AND JOINTLY CONTROLLED COMPANIES

As at the date of this report, the Group has direct and indirect equity interests in the following principal subsidiary, associated and jointly controlled companies:

	Date of incorporation	Issued share capital	Percentage of equity capital at 31st December 2008, 2009 and 2010 and 30th June 2011 and at the date of this report			Principal activities
			Attributable to the Group	Owned directly	Owned by subsidiaries	
<b>Subsidiary companies</b>						
<i>Incorporated in Hong Kong with limited liability and operate in Hong Kong:</i>						
Cathay Limited	20th Jun 1946	807 shares of HK\$10 each	100	100	—	Property investment
Cituluck Development Limited	2nd Dec 1993	1,000 shares of HK\$1 each	100	—	100	Property investment
Cityplaza Holdings Limited	15th Jun 1973	100 shares of HK\$10 each	100	100	—	Property investment
Coventry Estates Limited	4th Jul 1973	4 shares of HK\$10 each	100	—	100	Property investment
Festival Walk Holdings Limited <sup>(12)</sup>	27th Oct 1992	100,000 shares of HK\$10 each	—	—	—	Property investment
Golden Tent Limited	9th Aug 2007	1 share of HK\$1	100	—	100	Hotel investment
Island Delight Limited	30th Aug 2006	1 share of HK\$1	87.5	—	87.5	Property trading
Keen Well Holdings Limited	7th May 2007	1 share of HK\$1	80	—	80	Property trading
One Island East Limited	28th Jul 1994	2 shares of HK\$1 each	100	100	—	Property investment
One Queen's Road East Limited	14th Jul 1989	2 shares of HK\$1 each	100	100	—	Property investment
Oriental Landscapes Limited	30th Nov 1979	50,000 shares of HK\$10 each	100	100	—	Landscaping services
Pacific Place Holdings Limited	18th Feb 1975	2 shares of HK\$1 each	100	100	—	Property investment
Redhill Properties Limited	14th Mar 1972	250,000 shares of HK\$1 each	100	100	—	Property investment
Swire Properties (Finance) Limited <sup>(8)</sup>	16th Mar 1976	1,000,000 shares of HK\$1 each	100	100	—	Financial services
Swire Properties Management Limited	31st Dec 1974	2 shares of HK\$10 each	100	100	—	Property management
Swire Properties Projects Limited	11th Aug 1978	2 shares of HK\$1 each	100	100	—	Project management
Swire Properties Real Estate Agency Limited	16th Apr 1996	2 shares of HK\$10 each	100	100	—	Real estate agency
TaiKoo Place Holdings Limited	3rd Feb 1975	2 shares of HK\$1 each	100	100	—	Property investment

	Date of incorporation	Issued share capital	Percentage of equity capital at 31st December 2008, 2009 and 2010 and 30th June 2011 and at the date of this report			Principal activities
			Attributable to the Group	Owned directly	Owned by subsidiaries	
<b>Subsidiary companies</b>						
<i>Incorporated in Mainland China with limited liability and operate in Mainland China:</i>						
(Sino-foreign joint venture)						
TaiKoo Hui (Guangzhou) Development Company Limited <sup>(1)(9)</sup>	14th Aug 2002	Registered capital of RMB2,650,000,000	97	—	97	Property investment
(Wholly foreign owned enterprises)						
Beijing Sanlitun North Property Management Company Limited <sup>(1)</sup>	15th Jan 2007	Registered capital of RMB1,392,000,000	80	—	80	Property investment
Beijing Sanlitun South Property Management Company Limited <sup>(1)</sup>	15th Jan 2007	Registered capital of RMB1,598,000,000	80	—	80	Property investment
Beijing Sanlitun Hotel Management Company Limited <sup>(1)(4)</sup>	15th Jan 2007	Registered capital of RMB400,000,000	100	—	100	Hotel investment
Sunshine Melody (Guangzhou) Properties Management Limited	11th Jul 2005	Registered capital of RMB195,000,000	100	—	100	Property investment
(Domestic company)						
Beijing Tianlian Real Estate Company Limited <sup>(1)(6)</sup>	16th Nov 2007	Registered capital of RMB865,000,000	100	—	100	Holding company
<i>Incorporated in the United States with limited liability and operate in United States:</i>						
Brickell CitiCentre East LLC <sup>(7)</sup>	3rd Oct 2008	Limited Liability Company	100	—	100	Property trading
Brickell CitiCentre West LLC <sup>(7)</sup>	3rd Oct 2008	Limited Liability Company	100	—	100	Property trading
FTL/AD Ltd <sup>(7)</sup>	27th Jul 2006	Florida Partnership	75	—	75	Property trading
Swire Development Sales LLC <sup>(7)</sup>	10th Mar 1993	Limited Liability Company	100	—	100	Real estate agency
Swire Pacific Holdings Asia LLC <sup>(7)</sup>	15th Dec 2009	Limited Liability Company	100	—	100	Property trading
Swire Properties Inc <sup>(7)</sup>	15th Dec 2009	1,000 shares of US\$0.01 each	100	—	100	Holding company
Swire Properties One LLC <sup>(7)</sup>	23rd Nov 2005	Limited Liability Company	100	—	100	Property trading
Swire Properties US Inc <sup>(7)</sup>	15th Dec 2009	1,000 shares of US\$0.01 each	100	—	100	Holding company
Swire Realty LLC <sup>(7)</sup>	21st Jul 1997	Limited Liability Company	100	—	100	Real estate agency

	Date of incorporation	Issued share capital	Percentage of equity capital at 31st December 2008, 2009 and 2010 and 30th June 2011 and at the date of this report			Principal activities
			Attributable to the Group	Owned directly	Owned by subsidiaries	
<b>Subsidiary companies</b>						
<i>Incorporated in the British Virgin Islands with limited liability and operate in Hong Kong:</i>						
Boom View Holdings Limited	16th Jun 2006	2 shares of US\$1 each	100	100	—	Property investment
Charming Grace Limited	8th Jun 2005	1 share of US\$1	100	100	—	Property development
<b>Subsidiary companies</b>						
Endeavour Technology Limited	18th Aug 2003	1,000 shares of US\$1 each	87.5	—	87.5	Holding company
Excel Free Ltd.	5th Jan 1999	1 share of US\$1	100	100	—	Property trading
Fine Grace International Limited	28th Jul 2006	1 share of US\$1	100	100	—	Property trading
Peragore Limited	8th Feb 2007	1,000 shares of US\$1 each	80	—	80	Holding company
Swire Properties China Holdings Ltd. <sup>(7)</sup>	10th Aug 2006	1 share of US\$1	100	100	—	Holding company
Swire and Island Communication Developments Limited <sup>(5)</sup>	5th Nov 1991	100 shares of HK\$10 each and 1 non-voting dividend share of HK\$10	60	60	—	Property investment
Wonder Cruise Group Limited	10th Jan 2008	1 share of US\$1	100	100	—	Property trading
<i>Incorporated in the United Kingdom with limited liability and operate in the United Kingdom:</i>						
New Light Hotels Limited <sup>(10)</sup>	20th Aug 2007	17,000,100 shares of GBP1 each	100	—	100	Hotel investment
<b>Associated companies</b>						
<i>Incorporated in Hong Kong with limited liability and operate in Hong Kong:</i>						
Greenroll Limited <sup>(3)</sup>	4th Jul 1986	45,441,000 shares of HK\$10 each	20	20	—	Hotel investment
Queensway Hotel Limited <sup>(3)</sup>	17th Sep 1996	100,000 shares of HK\$10 each	20	—	<sup>(2)</sup>	Hotel investment
Shangri-La International Hotels (Pacific Place) Limited	13th Feb 1987	5,000 shares of HK\$1 each and 10,000,000 non-voting shares of HK\$1 each	20	20	—	Hotel investment
<b>Jointly controlled companies</b>						
<i>Incorporated in Hong Kong with limited liabilities and operate in Hong Kong:</i>						
Hareton Limited <sup>(5)</sup>	6th Dec 1994	100 shares of HK\$10 each	50	50	—	Property trading

	Date of incorporation	Issued share capital	Percentage of equity capital at 31st December 2008, 2009 and 2010 and 30th June 2011 and at the date of this report			Principal activities
			Attributable to the Group	Owned directly	Owned by subsidiaries	
<b>Subsidiary companies</b>						
Richly Leader Limited <sup>(11)</sup>	15th Sep 2004	1,000,000,000 shares of HK\$1 each	50	—	50	Property investment
Sky Treasure Limited	18th May 2005	2 shares of HK\$1 each	50	—	50	Property investment
<b>Jointly controlled company</b>						
<i>Incorporated in the United States with limited liability and operate in United States:</i>						
Swire Brickell Key Hotel, Ltd. <sup>(7)</sup>	5th Dec 1997	Florida Partnership	75	—	75	Hotel investment
<b>Jointly controlled companies</b>						
<i>Incorporated in the British Virgin Islands with limited liability:</i>						
Dazhongli Properties Limited (operates in Mainland China)	8th Mar 2002	1,000 shares of US\$1 each	50	—	50	Holding company
Great City China Holdings Limited (operates in Mainland China)	1st Sep 2010	2 shares of US\$1 each	50	—	50	Property development
Island Land Development Limited (operates in Hong Kong) <sup>(5)</sup>	16th Nov 1993	100 shares of HK\$10 each	50	50	—	Holding company
Newfoundworld Investment Holdings Limited (operates in Hong Kong)	28th Feb 2005	5 shares of US\$1 each	20	—	20	Holding company
<i>Incorporated in Mainland China with limited liability and operate in Mainland China:</i>						
(Domestic company)						
Beijing Linlian Real Estate Company Limited <sup>(1)</sup>	1st Feb 2007	Registered capital of RMB400,000,000	50	—	50	Property investment
(Wholly foreign owned enterprises)						
Guan Feng (Shanghai) Real Estate Development Company Limited <sup>(1)</sup>	10th Jan 2003	Registered capital of US\$500,000,000	50	—	(2)	Property investment
Pei Feng (Shanghai) Real Estate Development Company Limited <sup>(1)</sup>	10th Mar 2003	Registered capital of US\$60,000,000	50	—	(2)	Property investment
Ying Feng (Shanghai) Real Estate Development Company Limited <sup>(1)</sup>	10th Jan 2003	Registered capital of US\$336,500,000	50	—	(2)	Property investment

	Date of incorporation	Issued share capital	Percentage of equity capital at 31st December 2008, 2009 and 2010 and 30th June 2011 and at the date of this report			Principal activities
			Attributable to the Group	Owned directly	Owned by subsidiaries	
<b>Subsidiary companies</b>						
(Sino-foreign joint venture)						
Chengdu Qianhao Real Estate Company Limited <sup>(7)</sup>	16th Mar 2011	Registered capital of US\$329,000,000	49.5	—	<sup>(2)</sup>	Property investment

<sup>(1)</sup> Translated name

<sup>(2)</sup> Group interest held through jointly controlled and associated companies

<sup>(3)</sup> The company was audited by KPMG for the years ended 31st December 2008, 2009 and 2010

<sup>(4)</sup> The company was audited by Beijing Anhuaxin for the period/years ended 31st December 2008, 2009 and 2010

<sup>(5)</sup> The companies were jointly audited by PricewaterhouseCoopers and KPMG for the years ended 31st December 2008, 2009 and 2010

<sup>(6)</sup> The company was audited by Beijing Zhongqiheng Certified Public Accountants Co., Ltd. for the period/years ended 31st December 2008, 2009 and 2010.

<sup>(7)</sup> No statutory financial statements were issued since the date of its incorporation.

<sup>(8)</sup> The Company had 100 shares of HK\$1 each in issue as at 31st December 2008, 2009 and 2010.

<sup>(9)</sup> The Company had a registered capital of RMB2,000,000 as at 31st December 2008, 2009, 2010 and 30th June 2011.

<sup>(10)</sup> The Company had 4,000,100 shares of GBP1 each in issue as at 31st December 2008, and 9,000,100 shares of GBP1 each in issue as at 31st December 2009.

<sup>(11)</sup> The Group held 20% equity interest in this Company in 2008 and 2009.

<sup>(12)</sup> Festival Walk Holdings Limited was disposed of in the period after 30th June 2011, refer to note 46.

Except as specified, all the above principal subsidiary, jointly controlled and associated companies were audited by PricewaterhouseCoopers for the period/years ended 31st December 2008, 2009 and 2010.

## 46 SUBSEQUENT EVENTS

### (a) Sale of 100% Interest in Festival Walk

In July 2011, an agreement was entered into with an Independent Third Party for the disposal of the Group's entire interest in Festival Walk for a cash consideration of HK\$18,800 million, subject to an adjustment by reference to net current assets and liabilities at completion. The adjustment resulted in an additional receipt of approximately HK\$116 million. Completion took place on 18th August 2011.

The profit on the sale, which excludes gains on revaluation of the property previously credited to the income statement up to 30th June 2011 (of which HK\$1,098 million arose in the six months ended on that date), is HK\$595 million. The Company's measure of underlying profit (non-GAAP measure) on the disposal is HK\$8,615 million. Underlying profit principally reflects adjustments for the impact of HKAS 40 on investment properties and amended HKAS 12 on deferred tax. Prior to the implementation of HKAS 40, changes in fair value of investment properties were recorded in the revaluation reserve rather than the consolidated income statement. On sale, the revaluation gains were transferred from the revaluation reserve to the consolidated income statement. The effect is that the underlying profit on the disposal of Festival Walk will be calculated by reference to its original cost to the Group.

A portion of the proceeds of the sale was paid to Swire Pacific by way of a special interim dividend of HK\$4,514 million on 30th September 2011. A further portion of the proceeds of the sale was paid to Swire Pacific by way of a second special interim dividend totalling HK\$5,500 million on 8th November 2011. The Group has repaid HK\$8,282 million of the Inter-group Funding out of the proceeds of the sale of that investment property.

**(b) Issue of Shares**

On 30th November 2011, the Company issued 160,000,000 shares to Swire Pacific for a total cash consideration of HK\$4,500 million (being HK\$28.125 per share). Following this share issue, the Company has a total of 5,850,000,000 issued shares.

**III. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30th June 2011 up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30th June 2011 other than as set out in Note 46 of Section II.

Yours faithfully,  
**PricewaterhouseCoopers**  
*Certified Public Accountants*  
Hong Kong



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## **APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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*The following unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purpose only, and is set out below to provide further information on how the Listing might have affected the financial position, net tangible assets per share, and results of operations of the Group after the completion of the Listing.*

*The unaudited pro forma financial information is derived according to a number of adjustments. Although reasonable care has been exercised in preparing such information, you should bear in mind that these figures are inherently subject to adjustments and may not give a true and complete picture of the actual financial performance and condition of the Group as at 30th June 2011 and for the period then ended or at any future date and for any future period.*

*The information set forth in this Appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this listing document, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this listing document and the Accountant's Report set out in Appendix I to this listing document.*

### **UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP**

The following is an illustrative unaudited pro forma consolidated statement of financial position, an illustrative unaudited pro forma net tangible assets per share, and an illustrative unaudited pro forma consolidated income statement of the Group which has been prepared on the basis of the notes set out below, for the purpose of illustrating the effect of the Listing as if it had taken place on 30th June 2011 or 1st January 2011 where appropriate. This unaudited pro forma financial information has been prepared for illustrative purposes only, and because of its hypothetical nature, may not give a true picture of the financial position, net tangible assets per share, or results of operations of the Group had the Listing been completed as at 30th June 2011 or 1st January 2011 or at any future date.

**APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND  
UNAUDITED PRO FORMA NET TANGIBLE ASSETS PER SHARE**

	<b>Audited consolidated statement of financial position of the Group as at 30th June 2011</b>	<b>Pro forma adjustment</b>	<b>Unaudited pro forma consolidated statement of financial position of the Group as at 30th June 2011</b>
	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>
	<i>Note 1</i>	<i>Note 2</i>	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment.....	6,615	—	6,615
Investment properties.....	198,520	—	198,520
Leasehold land and land use rights .....	6	—	6
Intangible assets .....	187	—	187
Properties held for development.....	659	—	659
Jointly controlled companies .....	11,993	—	11,993
Associated companies .....	737	—	737
Available-for-sale assets.....	9	—	9
Deferred tax assets.....	75	—	75
Retirement benefit assets .....	96	—	96
	<u>218,897</u>	—	<u>218,897</u>
<b>Current assets</b>			
Properties under development and for sale .....	5,733	—	5,733
Stocks and work in progress .....	62	—	62
Trade and other receivables.....	1,468	—	1,468
Cash and cash equivalents.....	1,125	(240)	885
Amount due from immediate holding company...	139	—	139
	<u>8,527</u>	(240)	<u>8,287</u>
<b>Total assets .....</b>	<u>227,424</u>	(240)	<u>227,184</u>
<b>EQUITY</b>			
Share capital.....	5,690	—	5,690
Reserves .....	170,253	(240)	170,013
<b>Equity attributable to the Company's</b>			
<b>Shareholder .....</b>	175,943	(240)	175,703
<b>Non-controlling interests.....</b>	522	—	522
<b>TOTAL EQUITY .....</b>	<u>176,465</u>	(240)	<u>176,225</u>

	Audited consolidated statement of financial position of the Group as at 30th June 2011	Pro forma adjustment	Unaudited pro forma consolidated statement of financial position of the Group as at 30th June 2011
	HK\$M	HK\$M	HK\$M
	<i>Note 1</i>	<i>Note 2</i>	
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term loans .....	5,753	—	5,753
Deferred tax liabilities .....	4,215	—	4,215
Amount due to a fellow subsidiary company - Swire Finance Limited.....	27,436	—	27,436
	<u>37,404</u>	—	<u>37,404</u>
<b>Current liabilities</b>			
Trade and other payables .....	6,107	—	6,107
Taxation payable.....	580	—	580
Bank overdrafts and short-term loans.....	921	—	921
Long-term loans due within one year.....	273	—	273
Amount due to fellow subsidiary companies ...	5,674	—	5,674
	<u>13,555</u>	—	<u>13,555</u>
<b>Total liabilities</b> .....	<u>50,959</u>	—	<u>50,959</u>
<b>Total equity and liabilities</b> .....	<u>227,424</u>	<u>(240)</u>	<u>227,184</u>
<b>Net current liabilities</b> .....	<u>(5,028)</u>	<u>(240)</u>	<u>(5,268)</u>
<b>Total assets less current liabilities</b> .....	<u>213,869</u>	<u>(240)</u>	<u>213,629</u>
	<b>Net tangible assets per share as at 30th June 2011</b>	<b>Pro forma adjustment</b>	<b>Unaudited pro forma net tangible assets per share as at 30th June 2011</b>
	HK\$	HK\$	HK\$
	<i>Note 4</i>	<i>Note 2</i>	
Net tangible assets per share .....	<u>30.9</u>	<u>(0.1)</u>	<u>30.8</u>

**APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

**UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT**

	<b>Audited consolidated income statement of the Group for the six months ended 30th June 2011</b>	<b>Pro forma adjustment</b>	<b>Unaudited pro forma consolidated income statement of the Group for the six months ended 30th June 2011</b>
	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>
	<i>Note 1</i>	<i>Note 2</i>	
Turnover .....	4,665	—	4,665
Cost of sales .....	<u>(1,088)</u>	<u>—</u>	<u>(1,088)</u>
Gross profit .....	3,577	—	3,577
Administrative expenses.....	(407)	(240)	(647)
Other operating expenses .....	(65)	—	(65)
Other net gains .....	26	—	26
Change in fair value of investment properties ....	17,553	—	17,553
Impairment reversal on hotel and trading properties .....	<u>2</u>	<u>—</u>	<u>2</u>
Operating profit .....	20,686	(240)	20,446
Net finance charges.....	(751)	—	(751)
Share of profits less losses of jointly controlled companies.....	706	—	706
Share of profits less losses of associated companies.....	<u>71</u>	<u>—</u>	<u>71</u>
Profit before taxation .....	20,712	(240)	20,472
Taxation.....	<u>(643)</u>	<u>—</u>	<u>(643)</u>
Profit for the year .....	<u>20,069</u>	<u>(240)</u>	<u>19,829</u>
Profit for the year attributable to the Company's shareholder .....	<u>20,023</u>	<u>(240)</u>	<u>19,783</u>

*Notes:*

- (1) The audited consolidated statement of financial position of the Group as at 30th June 2011 and the consolidated income statement of the Group for the six months ended 30th June 2011 are extracted from the published Accountant's Report of the Group as set out in Appendix I of this listing document.
- (2) The estimated expenses of the Listing mainly comprises professional fees for the Joint Sponsors, the Company's legal advisors, the reporting accountant and the property valuers. The adjustment is made on the assumption that the Listing had been completed on 1st January 2011 for the unaudited pro forma consolidated income statement and at 30th June 2011 for the unaudited pro forma consolidated statement of financial position and unaudited pro forma statement of net tangible assets per share.
- (3) Other than those mentioned above, no adjustments have been made to the unaudited pro forma consolidated statement of financial position, the unaudited pro forma net tangible assets per share, and the unaudited pro forma consolidated income statement of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30th June 2011.

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## APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION

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- (4) The number of issued and fully paid shares as at 30th June 2011 and the audited consolidated net tangible assets attributable to the Shareholder as at 30th June 2011 are extracted from the Accountant's Report set out in Appendix I to this listing document. The number of issued and fully paid shares as at 30th June 2011 was 5,690,000,000. The audited consolidated net tangible assets attributable to the Shareholder as at 30th June 2011 are based on the audited consolidated net assets of the Group attributable to the Shareholder of HK\$175,943 million with an adjustment to exclude the intangible assets of HK\$187 million.

As at 30th September 2011, the Group's property and leasehold land and land use rights (other than the Amalgamation Properties) were valued by DTZ and Christie + Co, independent property valuers, and the relevant property valuation reports are set out in Appendix III "Property Valuation" to this listing document. The Amalgamation Properties were valued internally by qualified surveyors. The net revaluation surplus in respect of the land and buildings held for own use (including hotel properties), representing the excess of market value of the respective property and leasehold land and land use rights over their book value, is approximately HK\$3,822 million. Such revaluation surplus has not been included in the Group's consolidated financial information as at 30th June 2011 and will not be included in the Group's financial statements for the year ending 31st December 2011. The pro forma adjustment set out in note 2 takes into account the above revaluation surplus. Had the property and leasehold land and land use rights in respect of the land and buildings held for own use (including hotel properties), been stated at such valuation, additional depreciation of HK\$32 million would be charged to the consolidated income statement for the period ended 30th June 2011.

- (5) (a) In July 2011, an agreement was entered into with an Independent Third Party for the disposal of the Group's entire interest in Festival Walk for a cash consideration of HK\$18,800 million, subject to an adjustment by reference to net current assets and liabilities at completion. The adjustment resulted in an additional receipt of approximately HK\$116 million. Completion took place on 18th August 2011.

The profit on the sale, which excludes gains on revaluation of the property previously credited to the consolidated income statement up to 30th June 2011 (of which HK\$1,098 million arose in the six months ended on that date), is HK\$595 million.

A portion of the proceeds of the sale was paid to Swire Pacific by way of a special interim dividend of HK\$4,514 million on 30th September 2011. A further portion of the proceeds of the sale was paid to Swire Pacific by way of a second special interim dividend totaling HK\$5,500 million on 8th November 2011. The Group has repaid HK\$8,282 million of the Inter-group Funding out of the proceeds of the sale of that investment property.

- (b) On 30th November 2011, the Company issued 160,000,000 Shares to Swire Pacific for a total cash consideration of HK\$4,500 million (being HK\$28.125 per share). Following this share issue, the Company has a total of 5,850,000,000 fully paid shares in issue.

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**APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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The potential effects on certain balance sheet components as a result of the disposal of Festival Walk and the associated payment of dividends and repayment of Inter-group Funding and the issue of share capital on 30th November 2011 are illustrated below given their significance to the financial position of the Group as if the transactions had taken place on 30th June 2011.

	<b>Extracted from unaudited pro forma consolidated statement of financial position of the Group as at 30th June 2011</b>	<b>Adjustments to illustrate disposal of Festival Walk and associated transactions (a)</b>	<b>Adjustments to illustrate issue of share capital on 30th November 2011 (b)</b>	<b>Adjusted unaudited pro forma consolidated statement of financial position of the Group as at 30th June 2011</b>
	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment .....	6,615	(39)	—	6,576
Investment properties .....	198,520	(18,262)	—	180,258
Leasehold land and land use rights .....	6	—	—	6
Intangible assets .....	187	(174)	—	13
Properties held for development .....	659	—	—	659
Jointly controlled companies .....	11,993	—	—	11,993
Associated companies .....	737	—	—	737
Available-for-sale assets ....	9	—	—	9
Deferred tax assets .....	75	—	—	75
Retirement benefit assets...	96	—	—	96
	<u>218,897</u>	<u>(18,475)</u>	<u>—</u>	<u>200,422</u>
<b>Current assets</b>				
Properties under development and for sale .....	5,733	—	—	5,733
Stocks and work in progress .....	62	(4)	—	58
Trade and other receivables .....	1,468	(20)	—	1,448
Cash and cash equivalents.	885	(346)	1,900	2,439
Amount due from immediate holding company .....	139	—	—	139
	<u>8,287</u>	<u>(370)</u>	<u>1,900</u>	<u>9,817</u>
<b>Total assets</b> .....	<u>227,184</u>	<u>(18,845)</u>	<u>1,900</u>	<u>210,239</u>

**APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

	Extracted from unaudited pro forma consolidated statement of financial position of the Group as at 30th June 2011	Adjustments to illustrate disposal of Festival Walk and associated transactions (a)	Adjustments to illustrate issue of share capital on 30th November 2011 (b)	Adjusted unaudited pro forma consolidated statement of financial position of the Group as at 30th June 2011
	HK\$M	HK\$M	HK\$M	HK\$M
<b>EQUITY</b>				
Share capital .....	5,690	—	160	5,850
Reserves.....	170,013	(9,423)	4,340	164,930
<b>Equity attributable to the Company's</b>				
<b>Shareholder</b> .....	175,703	(9,423)	4,500	170,780
<b>Non-controlling interests</b> .	<u>522</u>	<u>—</u>	<u>—</u>	<u>522</u>
<b>TOTAL EQUITY</b> .....	<u><u>176,225</u></u>	<u><u>(9,423)</u></u>	<u><u>4,500</u></u>	<u><u>171,302</u></u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Long-term loans .....	5,753	—	—	5,753
Deferred tax liabilities .....	4,215	(399)	—	3,816
Amount due to a fellow subsidiary company				
- Swire Finance Limited.	<u>27,436</u>	<u>(8,282)</u>	<u>(2,600)</u>	<u>16,554</u>
	37,404	(8,681)	(2,600)	26,123
<b>Current liabilities</b>				
Trade and other payables...	6,107	(181)	—	5,926
Taxation payable .....	580	(56)	—	524
Bank overdrafts and short-term loans .....	921	(504)	—	417
Long-term loans due within one year.....	273	—	—	273
Amount due to fellow subsidiary companies .....	<u>5,674</u>	<u>—</u>	<u>—</u>	<u>5,674</u>
	<u>13,555</u>	<u>(741)</u>	<u>—</u>	<u>12,814</u>
Total liabilities .....	<u>50,959</u>	<u>(9,422)</u>	<u>(2,600)</u>	<u>38,937</u>
<b>Total equity and liabilities</b> .....	<u><u>227,184</u></u>	<u><u>(18,845)</u></u>	<u><u>1,900</u></u>	<u><u>210,239</u></u>
<b>Net current liabilities</b> .....	<u>(5,268)</u>	<u>371</u>	<u>1,900</u>	<u>(2,997)</u>
<b>Total assets less current liabilities</b> .....	<u><u>213,629</u></u>	<u><u>(18,104)</u></u>	<u><u>1,900</u></u>	<u><u>197,425</u></u>

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**APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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	<b>Extracted from unaudited pro forma net tangible assets per Share as at 30th June 2011 Note (a)</b>	<b>Adjustments to illustrate disposal of Festival Walk and associated transactions</b>	<b>Adjustments to illustrate issue of share capital on 30th November 2011</b>	<b>Adjusted unaudited pro forma net tangible assets per share as at 30th June 2011</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Net tangible assets per share .....	<u>30.8</u>	<u>(1.6)</u>	<u>—</u>	<u>29.2</u>

*Note:*

- (a) The unaudited pro forma net tangible assets per share as at 30th June 2011 has been extracted from the unaudited pro forma net tangible assets per share as set out on page II-3. The issued and fully paid number of shares as at 30th June 2011 used to calculate the unaudited pro forma net tangible assets per share as at 30th June 2011 is 5,690,000,000. The unaudited pro forma consolidated net tangible assets attributable to the Shareholder as at 30th June 2011 is based on the unaudited pro forma consolidated net assets of the Group attributable to the Shareholder of HK\$175,703 million with an adjustment to exclude the unaudited pro forma intangible assets of HK\$187 million.



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**APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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The potential effects of the disposal of Festival Walk and associated transactions and the receipt of the proceeds of the share issue on 30th November 2011 on the Group's unaudited pro forma consolidated income statement for the six months ended 30th June 2011 as if these transactions had taken place on 1st January 2011, excluding the profit on disposal of Festival Walk of HK\$595 million, is illustrated below given its significance to the financial results of the Group:

	<b>Extracted from unaudited pro forma consolidated income statement of the Group for the six months ended 30th June 2011</b>	<b>Adjustments to illustrate disposal of Festival Walk and associated transactions (note (a) and (b))</b>	<b>Adjustments to illustrate issue of share capital on 30th November 2011 (note (c))</b>	<b>Adjusted unaudited consolidated income statement of the Group for the six months ended 30th June 2011</b>
	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>	<b>HK\$M</b>
Turnover .....	4,665	(503)	—	4,162
Cost of sales .....	(1,088)	90	—	(998)
Gross profit .....	3,577	(413)	—	3,164
Administrative expenses .....	(647)	—	—	(647)
Other operating expenses .....	(65)	—	—	(65)
Other net gains .....	26	—	—	26
Change in fair value of investment properties .....	17,553	(1,098)	—	16,455
Impairment reversal on hotel and trading properties .....	2	—	—	2
Operating profit .....	20,446	(1,511)	—	18,935
Net finance charges .....	(751)	120	8	(623)
Share of profits less losses of jointly controlled companies .	706	—	—	706
Share of profits less losses of associated companies .....	71	—	—	71
Profit before taxation .....	20,472	(1,391)	8	19,089
Taxation .....	(643)	48	(1)	(596)
Profit for the year .....	19,829	(1,343)	7	18,493
Profit for the year attributable to the Company's shareholder .....	19,783	(1,343)	7	18,447

*Notes:*

- (a) The rental income and related costs and tax associated with Festival Walk have been excluded.
- (b) The reduction in net finance charges is based on an assumption that on 1st January 2011 the following transactions occurred (i) the proceeds from the disposal of Festival Walk of HK\$18,800 million were received, (ii) dividends of HK\$10,014 million were paid to Swire Pacific and (iii) HK\$8,282 million of Inter-group Funding was repaid.
- (c) The reduction in net finance charges is based on an assumption that on 1st January 2011 the following transactions occurred (i) the HK\$4,500 million proceeds from the issue of the shares on 30th November 2011 were received; and (ii) HK\$2,600 million of Inter-group funding was repaid and (iii) HK\$1,900 million of cash was placed on deposit.

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this listing document.*



羅兵咸永道

**ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION  
TO THE DIRECTORS OF SWIRE PROPERTIES LIMITED**

We report on the unaudited pro forma financial information of Swire Properties Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages II-1 to II-9 under the heading "Unaudited Pro Forma Consolidated Statement of Financial Position and Unaudited Pro Forma Net Tangible Assets per Share" and "Unaudited Pro Forma Consolidated Income Statement" (the "Unaudited Pro Forma Financial Information") in Appendix II of the Company's listing document dated 21st December 2011 (the "Listing document"), in connection with the proposed listing of the Company. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed listing might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-9 of the listing document.

**Respective Responsibilities of Directors of the Company and the Reporting Accountant**

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of Opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of

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## APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION

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the underlying financial information, consisted primarily of comparing the audited consolidated statement of financial position of the Group, the net tangible assets of the Group and the issued and fully paid share capital of the Group as at 30th June 2011 and the audited consolidated income statement of the Group for the six months ended 30th June 2011 with the Accountant's Report as set out in Appendix I of the Listing document, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 30th June 2011 or any future date;
- the net tangible assets per share of the Group as at 30th June 2011 or any future date; or
- the results of the Group for the six months ended 30th June 2011 or any future periods.

### Opinion

In our opinion:

- a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 21st December 2011

**A. PROPERTY VALUATION BY DTZ**

*The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this listing document received from DTZ, an independent property valuer, in connection with its opinion of value of the property interests of the Group in Hong Kong, the PRC and the United States and certain property interests of the Group in the United Kingdom as at 30th September 2011. A copy of the full valuation report relating to such property interests of the Group in compliance with paragraph 3(c) of Practice Note 16 prepared by DTZ is made available for public inspection.*



16th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

21st December 2011

The Directors  
Swire Properties Limited  
33rd Floor  
One Pacific Place  
88 Queensway  
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by Swire Properties Limited (the “Company”) or its subsidiaries or its associated companies (hereinafter together referred to as the “Group”) in Hong Kong, the People’s Republic of China (the “PRC”), the United States of America (the “United States”) and the United Kingdom, we confirm that we have carried out inspections, made relevant searches and enquiries and obtained such further information as we consider necessary for the purpose of providing the Group with our opinion of the market values of those property interests as at 30 September 2011 (the “date of valuation”).

Our valuation of each of the property interests represents its market value which in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Our valuation of each of the property interests excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In forming our opinion of values of the property interests in Groups I, VI and X which are held by the Group for investment in Hong Kong, the PRC and the United States respectively and in Groups II and XI which are held by the Group for sale in Hong Kong and in the United States respectively,

we have valued each of them by Investment Approach by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by the Direct Comparison Method by making reference to comparable sales transactions as available in the relevant market.

Regarding the property interests in Groups III and VII which are held under development by the Group in Hong Kong and the PRC respectively, we have valued them on the basis that they will be developed and completed in accordance with the latest development proposals provided to us by the Group. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been or will be obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been or will be approved by the relevant authorities. In arriving at our valuations, we have adopted the Direct Comparison Method by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments. The capital values when completed represent our opinion of the aggregate values of the developments assuming they were completed at the date of valuation.

In relation to the property interests in Groups IV and XII which are held by the Group for future development in Hong Kong and the United States respectively, we have valued them on the assumption that they will be developed in accordance with the proposals provided to us by the Group, if any. In arriving at our valuations, we have adopted the Direct Comparison Method by making reference to comparable sales evidence as available in the relevant market.

In respect of the property interests in Group VIII which are contracted to be acquired by the Group in the PRC, we have valued them on the basis that they will be developed and completed in accordance with the proposals provided to us by the Group. We have assumed that approvals for the proposals have been or will be obtained. In arriving at our valuation, we have adopted the Direct Comparison Method by making reference to comparable sales evidence as available in the relevant market.

The property interests in Group V comprising other properties held by the Group in Hong Kong are considered to have no commercial value as the properties either fall within town planning zones which do not permit use or development of material commercial value or are in physical conditions and states which are of no commercial value.

In valuing the property interest in Group IX which is held by the Group for resettlement purpose in the PRC, we have adopted the Direct Comparison Method by making reference to comparable sales transactions as available in the relevant market.

The property interests in Groups XIII, XIV, XV and XVI which are leased to the Group in Hong Kong, the PRC, the United States and the United Kingdom respectively, are considered to have no commercial value due to prohibitions against assignment of the property interests or otherwise due to lack of substantial profit rents.

In valuing the property interests, we have complied with the requirements set out in Chapter 5 and Practice Note 12 and Practice Note 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

In accordance with paragraph 3(b) of Practice Note 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, we have excluded the full text concerning valuation of the property interests held by the Group under operating leases from the valuation certificates.

In valuing the property interests in Hong Kong the Government Leases of which expired before 30 June 1997, we have taken into account that under the provisions contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the PRC on the Question of Hong Kong as well as in the New Territories Leases (Extension) Ordinance, such leases have been extended without premium until 30 June 2047 and a rent of 3% of the rateable value is charged per annum for each property interest from the date of extension.

Unless otherwise stated, in the course of our valuation of the property interests situated in the PRC, we have assumed that transferable land use rights in respect of the property interests for specific terms at nominal annual land use fees have been granted and that, any premiums payable have already been fully paid. We have also assumed that the grantees or the users of the property interests have free and uninterrupted rights to use or to assign the property interests for the whole of the unexpired terms as granted. We have relied on the advice given by the Group and the Group's legal adviser, Jingtian & Gongcheng, on the PRC laws, regarding the title to each of the property interests in the PRC and the Group's interests in those properties.

We have relied to a very considerable extent on the information given by the Group and its legal adviser on the PRC laws. We have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenures, identification of property interests, particulars of occupancy, tenancy details, site and floor plans, site and floor areas, development proposals, construction costs and development time schedules, relationship between the Company and each of the parties mentioned in this report (including but not limited to any independent third party (each, an "Independent Third Party")), interests attributable to the Company and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by the Group and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which are material to the valuations. We were also advised by the Group that no material facts have been omitted from the information supplied.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are, however, not able to report whether the properties are free of rot, infestation or other structural defects. No test was carried out on any of the services. Moreover, we have not carried out investigations on site to determine the suitability of soil conditions and services for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no unexpected costs or delays will be incurred during construction.

We have not carried out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents provided to us are correct.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property interests nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Unless otherwise stated, all money amounts stated in our valuations are in Hong Kong dollars (“HK\$”) for the property interests situated in Hong Kong, Renminbi (“RMB”) for the property interests situated in PRC, United States dollars (“US\$”) for the property interests situated in the United States and Pounds (“£”) for the property interests in the United Kingdom.

The area conversion factor in this report is taken as 1 sq.m. = 10.764 sq.ft.

We enclose herewith a summary of valuations and our valuation certificates.

Yours faithfully,  
For and on behalf of  
**DTZ Debenham Tie Leung Limited**  
**K. B. Wong**  
*Registered Professional Surveyor*  
*(General Practice Division)*  
*China Real Estate Appraiser*  
*M.R.I.C.S., M.H.K.I.S.*  
*Senior Director*

*Note:* Mr. K.B. Wong is a Registered Professional Surveyor who has over 27 years’ experience in the valuation of properties in Hong Kong, over 22 years’ experience in the valuation of properties in the PRC and extensive experience in the valuation of properties in the United States and the United Kingdom.

## SUMMARY OF VALUATIONS

Property interest	Capital value in existing state as at 30 September 2011	Interest attributable to the Company	Capital value in existing state attributable to the Company as at 30 September 2011
	(HK\$)	(%)	(HK\$)
<b>Group I — Property interests held by the Group for investment in Hong Kong</b>			
1. Pacific Place Apartments, Pacific Place, 88 Queensway, Hong Kong	8,400,000,000	100	8,400,000,000
2. Flats 1B, 2C, 3A, 4A, 4C, 5B and 7B and 7 car parking spaces, Eredine, 38 Mount Kellett Road, The Peak, Hong Kong	555,000,000	100	555,000,000
3. House B, 36 Island Road, Deep Water Bay, Hong Kong	163,000,000	100	163,000,000
4. Rocky Bank, 6 Deep Water Bay Road, Hong Kong	742,000,000	100	742,000,000
5. White Jade, Cheung Sha, Lantau Island, New Territories	24,100,000	100	24,100,000
6. Green Jade, Cheung Sha, Lantau Island, New Territories	24,100,000	100	24,100,000
7. The Mall and Carpark, Pacific Place, 88 Queensway, Hong Kong	25,661,000,000	100	25,661,000,000
8. One Pacific Place, 88 Queensway, Hong Kong	21,638,000,000	100	21,638,000,000



**APPENDIX III****PROPERTY VALUATION**

<b>Property interest</b>	<b>Capital value in existing state as at 30 September 2011</b>	<b>Interest attributable to the Company</b>	<b>Capital value in existing state attributable to the Company as at 30 September 2011</b>
	<b>(HK\$)</b>	<b>(%)</b>	<b>(HK\$)</b>
9. Two Pacific Place, 88 Queensway, Hong Kong	16,082,000,000	100	16,082,000,000
10. Three Pacific Place, 1 Queen's Road East, Hong Kong	12,963,600,000	100	12,963,600,000
11. Cityplaza, Taikoo Shing, Quarry Bay, Hong Kong	9,267,000,000	100	9,267,000,000
12. Cityplaza One, Taikoo Shing, Quarry Bay, Hong Kong	4,857,000,000	100	4,857,000,000
13. Cityplaza Three, 14 Taikoo Wan Road, Taikoo Shing, Quarry Bay, Hong Kong	3,487,000,000	100	3,487,000,000
14. Cityplaza Four, 12 Taikoo Wan Road, Taikoo Shing, Quarry Bay, Hong Kong	4,317,000,000	100	4,317,000,000
15. Cambridge House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	2,222,000,000	100	2,222,000,000
16. Devon House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	6,742,000,000	100	6,742,000,000

**APPENDIX III**
**PROPERTY VALUATION**

Property interest	Capital value in existing state as at 30 September 2011 (HK\$)	Interest attributable to the Company (%)	Capital value in existing state attributable to the Company as at 30 September 2011 (HK\$)
17. Dorset House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	4,865,000,000	100	4,865,000,000
18. Lincoln House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	2,722,000,000	100	2,722,000,000
19. Oxford House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	3,763,000,000	100	3,763,000,000
20. PCCW Tower, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	4,978,000,000	50	2,489,000,000
21. One Island East, 18 Westlands Road, Quarry Bay, Hong Kong	14,220,000,000	100	14,220,000,000
22. 625 King's Road, North Point, Hong Kong	1,666,000,000	50	833,000,000
23. Commercial Accommodation of Island Place, 500 King's Road, and the Car Parking Areas of Island Place, Nos. 51/61 Tanner Road, North Point, Hong Kong	825,440,000	60	495,264,000

**APPENDIX III**
**PROPERTY VALUATION**

<b>Property interest</b>	<b>Capital value in existing state as at 30 September 2011</b>	<b>Interest attributable to the Company</b>	<b>Capital value in existing state attributable to the Company as at 30 September 2011</b>
	<b>(HK\$)</b>	<b>(%)</b>	<b>(HK\$)</b>
24. Stages I (Tsui Woo Terrace), II (Kao Shan Terrace), III (Kao Shan Terrace), IV (Kam Din Terrace), V (On Shing Terrace), VI, VII, VIII, IXA (Harbour View Gardens), IXB (Kwun Hoi Terrace), X (Sing Fai Terrace) and XI (Horizon Gardens), non-domestic units, carparking structure, carparking floors, driveways and car parking spaces, on Ground, Lower Ground 1st, 2nd, 3rd and 4th Floors and various roofs and Basements (excluding Cityplaza), Taikoo Shing, Quarry Bay, Hong Kong	2,931,000,000	100	2,931,000,000
25. Commercial and Office Developments and Car Park of Citygate, Tung Chung, Lantau Island, New Territories	4,763,000,000	20	952,600,000
26. Commercial Development, Tung Chung Crescent, Tung Chung, Lantau Island, New Territories	388,000,000	20	77,600,000
27. Commercial Units of Towers 1 and 2 and Car Parking Areas, Starcrest, 9 Star Street, Wanchai, Hong Kong	190,500,000	100	190,500,000
28. 21-29 Wing Fung Street, Wanchai, Hong Kong	269,000,000	100	269,000,000

**APPENDIX III****PROPERTY VALUATION**

<b>Property interest</b>	<b>Capital value in existing state as at 30 September 2011</b>	<b>Interest attributable to the Company</b>	<b>Capital value in existing state attributable to the Company as at 30 September 2011</b>
	<b>(HK\$)</b>	<b>(%)</b>	<b>(HK\$)</b>
29. Major portion of Cornwall House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	1,095,000,000	100	1,095,000,000
30. Somerset House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	4,548,000,000	100	4,548,000,000
31. Warwick House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	2,257,000,000	100	2,257,000,000
32. The Upper House, Pacific Place, 88 Queensway, Hong Kong	2,350,000,000	100	2,350,000,000
33. EAST, 29 Taikoo Shing Road, Taikoo Shing, Quarry Bay, Hong Kong	1,260,000,000	100	1,260,000,000
34. Novotel Citygate Hong Kong, Tung Chung, Lantau Island, New Territories	930,000,000	20	186,000,000
35. Island Shangri-La Hong Kong, Pacific Place, 88 Queensway, Hong Kong	5,240,000,000	20	1,048,000,000
36. Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong	4,280,000,000	20	856,000,000

**APPENDIX III**
**PROPERTY VALUATION**

Property interest	Capital value in existing state as at 30 September 2011 (HK\$)	Interest attributable to the Company (%)	Capital value in existing state attributable to the Company as at 30 September 2011 (HK\$)
37. JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong	4,200,000,000	20	840,000,000
38. Yau Tong Marine Lot Nos. 5, 35, 36 and 37 and Section B of Yau Tong Marine Lot No. 22 and the Extension thereto, Yau Tong, Kowloon	341,000,000	YTML35: 100 Remainder: 20	125,700,000
39. The Group's development right and right to all receivables arising out of 4-6 Tsing Tim Street, Tsing Yi, New Territories	197,400,000	100	197,400,000
40. 8-12 Tsing Tim Street, Tsing Yi, New Territories	210,000,000	100	210,000,000
41. 8 Queen's Road East, Wanchai, Hong Kong	810,000,000	100	810,000,000
42. Major portion of Wing Fung Building, 8-10 Wing Fung Street, Wanchai, Hong Kong	242,000,000	100	242,000,000
43. Regal Court, 12-18 Wing Fung Street, Wanchai, Hong Kong	356,000,000	100	356,000,000

**APPENDIX III****PROPERTY VALUATION**

<b>Property interest</b>	<b>Capital value in existing state as at 30 September 2011</b>	<b>Interest attributable to the Company</b>	<b>Capital value in existing state attributable to the Company as at 30 September 2011</b>
	<b>(HK\$)</b>	<b>(%)</b>	<b>(HK\$)</b>
44. 1st Floor, 2nd Floor and the Podium Roof on 3rd Floor, Lok Moon Mansion, 29-31 Queen's Road East, Wanchai, Hong Kong	213,900,000	100	213,900,000
45. Shop A of Ground Floor, Shop A on 1st Floor and Basement of Tung Hey Building, 12-22 Queen's Road East, Wanchai, Hong Kong	172,300,000	100	172,300,000
46. Ground Floor, 1 Wing Fung Street, Wanchai, Hong Kong	23,300,000	100	23,300,000
47. Ground Floor and Cockloft of Low Block, Vincent Mansion, 7 Star Street, Wanchai, Hong Kong	37,300,000	100	37,300,000
48. Ground Floor, 3 Star Street, Signage Space on the top roof, 5 Star Street, Wanchai, Hong Kong	27,600,000	100	27,600,000
49. Shop No. 14A on Ground Floor, Hoi Kwong Court, Nos. 13/15 Hoi Kwong Street, Quarry Bay, Hong Kong	27,000,000	100	27,000,000

**APPENDIX III****PROPERTY VALUATION**

<b>Property interest</b>	<b>Capital value in existing state as at 30 September 2011</b>	<b>Interest attributable to the Company</b>	<b>Capital value in existing state attributable to the Company as at 30 September 2011</b>
	<b>(HK\$)</b>	<b>(%)</b>	<b>(HK\$)</b>
50. 14 units on Ground Floor, Sea View Building, 29-41 Tong Chong Street, 31-43 Hoi Wan Street, Quarry Bay, Hong Kong	200,000,000	100	200,000,000
51. Shops Nos. SLG3, SLG4, SLG5, SLG8, SLG9 and SLG10 on Sub Lower Ground Floor, Westlands Gardens, 1025-1037 King's Road, 2-10, 12A-12H Westlands Road, Quarry Bay, Hong Kong	190,000,000	100	190,000,000
52. Units 2 and 3, Ground Floor, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong	127,000,000	100	127,000,000
53. 3 units on Ground Floor, Hoi Wan Building, 17, 19 and 21 Hoi Wan Street, Quarry Bay, Hong Kong	40,000,000	100	40,000,000
54. Shop No. B08 and Peacock Area on Ground Floor, 45 Tai Hong Street, Yat Sing Mansion, Yat Hong Mansion, Yat Wing Mansion, Yat Wah Mansion, Site B, Lei King Wan, Hong Kong	6,950,000	100	6,950,000

**APPENDIX III****PROPERTY VALUATION**

<b>Property interest</b>	<b>Capital value in existing state as at 30 September 2011</b>	<b>Interest attributable to the Company</b>	<b>Capital value in existing state attributable to the Company as at 30 September 2011</b>
	<b>(HK\$)</b>	<b>(%)</b>	<b>(HK\$)</b>
55. Shop 102 on the 1st Floor of Nam Fung Court, Harbour Heights, and an open area near Harbour Heights, Fook Yam Road, North Point, Hong Kong	21,900,000	100	21,900,000
56. Inland Lot No. 8842, Pokfulam, Hong Kong	10,500,000	100	10,500,000
57. Woodgreen, Pui O, Lantau Island, New Territories	9,400,000	100	9,400,000
58. Fairfield, Pui O, Lantau Island, New Territories	8,800,000	100	8,800,000
59. Wildslopes, San Shek Wan, Lantau Island, New Territories	36,000,000	100	36,000,000
60. Swire Hostel, Pui O, Lantau Island, New Territories	12,500,000	100	12,500,000
61. 37 San Shek Wan, Lantau Island, New Territories	25,600,000	100	25,600,000
			<hr/>
	<b>Total of Group I:</b>		<b>168,523,914,000</b>



Property interest	Capital value in existing state as at 30 September 2011	Interest attributable to the Company	Capital value in existing state attributable to the Company as at 30 September 2011
	(HK\$)	(%)	(HK\$)
<b>Group II — Property interests held by the Group for sale in Hong Kong</b>			
62. Various retail car parking spaces, Tung Chung Crescent, Tung Chung, Lantau Island, New Territories	14,250,000	20	2,850,000
63. The Group's attributable interest in the commercial portions and 17 car parking spaces in Belair Monte, 3 Ma Sik Road, Fanling, New Territories	12,240,000	100	12,240,000
64. The Group's right to payment of fees in respect of the unsold portion of Island Lodge, 180 Java Road, North Point, Hong Kong	24,560,000	100	24,560,000
65. The unsold residential portion, 5 Star Street, Wanchai, Hong Kong	43,000,000	100	43,000,000
<b>Total of Group II:</b>			<b>82,650,000</b>
<b>Group III — Property interests held by the Group under development in Hong Kong</b>			
66. 28 Hennessy Road, Wanchai, Hong Kong	1,712,000,000	100	1,712,000,000
67. AZURA, 2A Seymour Road, Mid-Levels West, Hong Kong	4,451,000,000	87.5	3,894,625,000

**APPENDIX III**
**PROPERTY VALUATION**

<b>Property interest</b>	<b>Capital value in existing state as at 30 September 2011</b>	<b>Interest attributable to the Company</b>	<b>Capital value in existing state attributable to the Company as at 30 September 2011</b>
	<b>(HK\$)</b>	<b>(%)</b>	<b>(HK\$)</b>
68. ARGENTA, 63 Seymour Road, Mid-Levels West, Hong Kong	1,401,000,000	100	1,401,000,000
69. 25A, 25B, 27, 27A, 27B, 29, 29A, 31, 33 and 35 Seymour Road, 14 and 16 Castle Road, Mid-Levels West, Hong Kong	2,503,000,000	100	2,503,000,000
70. 1-9 and 2-10 Sai Wan Terrace, Quarry Bay, Hong Kong	1,694,000,000	80	1,355,200,000
71. 92, 92A, 94, 96, 98, 100 and 102 Caine Road, 18, 18A, 20, 20A, 22 and 22A Castle Road, Mid-Levels West, Hong Kong	2,503,000,000	100	2,503,000,000
72. 148 Argyle Street, Ho Man Tin, Kowloon	988,000,000	50	494,000,000
<b>Total of Group III:</b>			<b>13,862,825,000</b>
<b>Group IV — Property interests held by the Group for future development in Hong Kong</b>			
73. 8-10 Wong Chuk Hang Road, Aberdeen, Hong Kong	546,000,000	50	273,000,000
74. Wah Yuen Building, 17-27 Tong Chong Street, Quarry Bay, Hong Kong	732,000,000	100	732,000,000
<b>Total of Group IV:</b>			<b>1,005,000,000</b>

Property interest	Capital value in existing state as at 30 September 2011	Interest attributable to the Company	Capital value in existing state attributable to the Company as at 30 September 2011
	(HK\$)	(%)	(HK\$)
<b>Group V — Other property interests held by the Group in Hong Kong</b>			
75. Landscaped areas near Stages II, III, IV, IXB and X, between Stages I and IXB, and the Linear Garden, Taikoo Shing, Quarry Bay, Hong Kong			No commercial value
76. Private Road in Taikoo Shing, Quarry Bay, Hong Kong			No commercial value
77. Tong Chong Street, Quarry Bay, Hong Kong			No commercial value
78. Pan Hoi Street, Quarry Bay, Hong Kong			No commercial value
79. Westlands Road and Taikoo Shing Road (western part), Taikoo Shing, Quarry Bay, Hong Kong			No commercial value
80. Petrol Filling Station, 979 King's Road, Quarry Bay, Hong Kong			No commercial value
			_____
<b>Total of Group V:</b>			<b>No commercial value</b>

Property interest	Capital value in existing state as at 30 September 2011	Interest attributable to the Company	Capital value in existing state attributable to the Company as at 30 September 2011
	(RMB)	(%)	(RMB)
<b>Group VI — Property interests held by the Group for investment in the PRC</b>			
81. Village South, Sanlitun Village, Sanlitun, Chaoyang District, Beijing, the PRC	4,470,000,000	80	3,576,000,000
82. Village North, Sanlitun Village, Sanlitun, Chaoyang District, Beijing, the PRC	2,716,000,000	80	2,172,800,000
83. Retail and Office portions, TaiKoo Hui, Tianhe East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	8,933,000,000	97	8,665,010,000
84. Part of Basement, the whole of Levels 1 to 3 and 100 car parking spaces, Beaumonde Retail Podium, 75 Tianhe East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	385,000,000	100	385,000,000
85. 5th Floor, Longde Building, 377 Tianhe Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	41,000,000	100	41,000,000

**APPENDIX III****PROPERTY VALUATION**

<b>Property interest</b>	<b>Capital value in existing state as at 30 September 2011</b>	<b>Interest attributable to the Company</b>	<b>Capital value in existing state attributable to the Company as at 30 September 2011</b>
	<b>(RMB)</b>	<b>(%)</b>	<b>(RMB)</b>
86. Units A1-2503, A1-2602, A1-2802 and A1-3102, 83 Tianhe East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	17,000,000	100	17,000,000
87. The Opposite House, 11 Sanlitun North Road, Chaoyang District, Beijing, the PRC	580,000,000	100	580,000,000
			<hr/>
<b>Total of Group VI:</b>			<b>15,436,810,000</b>
<b>Group VII — Property interests held by the Group under development in the PRC</b>			
88. Hotel and Serviced Apartment portions, TaiKoo Hui, Tianhe East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	702,000,000	97	680,940,000
89. A site at Tuo Fang Ying Cun to be developed as INDIGO, Chaoyang District, Beijing, the PRC	3,657,000,000	50	1,828,500,000
			<hr/>
<b>Total of Group VII:</b>			<b>2,509,440,000</b>

Property interest	Capital value in existing state as at 30 September 2011	Interest attributable to the Company	Capital value in existing state attributable to the Company as at 30 September 2011
	(RMB)	(%)	(RMB)
<b>Group VIII — Property interests contracted to be acquired by the Group in the PRC</b>			
90. A site at Dazhongli, Nanjing Road West, Jing'an District, Shanghai, the PRC			No commercial value
91. A site at Daci Temple Area, No. 9 plot in Dongda Street, Jinjiang District, Chengdu, Sichuan Province, the PRC			No commercial value
<b>Total of Group VIII:</b>			<b>No commercial value</b>
<b>Group IX — Property interest held by the Group for resettlement purpose in the PRC</b>			
92. 75 residential units and 3 commercial units in Shanghai, the PRC	99,500,000	50	49,750,000
<b>Total of Group IX:</b>			<b>49,750,000</b>

Property interest	Capital value in existing state as at 30 September 2011	Interest attributable to the Company	Capital value in existing state attributable to the Company as at 30 September 2011
	(US\$)	(%)	(US\$)
<b>Group X — Property interest held by the Group for investment in the United States</b>			
93. Mandarin Oriental Hotel, Miami, 500 Brickell Key Drive, Miami, Florida 33131, the United States	128,000,000	75	96,000,000
<b>Total of Group X:</b>			<b>96,000,000</b>
<b>Group XI — Property interests held by the Group for sale in the United States</b>			
94. The unsold stock of Asia, 900 Brickell Key Drive, Miami, Florida 33131, the United States	39,600,000	100	39,600,000
95. River Court, 300 SW 2nd Street, Fort Lauderdale, Broward County, Florida 33312, the United States	2,100,000	100	2,100,000
<b>Total of Group XI:</b>			<b>41,700,000</b>

**APPENDIX III**
**PROPERTY VALUATION**

Property interest	Capital value in existing state as at 30 September 2011	Interest attributable to the Company	Capital value in existing state attributable to the Company as at 30 September 2011
	(US\$)	(%)	(US\$)
<b>Group XII — Property interests held by the Group for future development in the United States</b>			
96. Fort Lauderdale Site, 200-300-520 W Broward Blvd, Fort Lauderdale, Broward County, Florida 33301-33312, the United States	9,210,000	100	9,210,000
97. Mandarin Residences Site, Southern Point of Brickell Key, Miami, Florida 33131, the United States	24,800,000	100	24,800,000
98. Brickell CitiCentre Site, 601, 700 and 701 South Miami Avenue, 799 Brickell Plaza, Miami, Florida 33130-33131, the United States	78,700,000	100	78,700,000
<b>Total of Group XII:</b>			<b>112,710,000</b>
Property interest	Capital value in existing state as at 30 September 2011	Interest attributable to the Company	Capital value in existing state attributable to the Company as at 30 September 2011
	(HK\$)	(%)	(HK\$)

**Group XIII — Property interests leased to the Group in Hong Kong**

99. 20 leased/licensed properties in Hong Kong			No commercial value
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Property interest	Capital value in existing state as at 30 September 2011	Interest attributable to the Company	Capital value in existing state attributable to the Company as at 30 September 2011
	(RMB)	(%)	(RMB)

**Group XIV — Property interests leased to the Group in the PRC**

100.	47 leased properties in Beijing		No commercial value
101.	12 leased properties in Chengdu		No commercial value
102.	20 leased properties in Guangzhou		No commercial value
103.	14 leased properties in Shanghai		No commercial value
104.	1 leased property in Hangzhou		No commercial value
105.	5 leased properties in Tianjin		No commercial value

Property interest	Capital value in existing state as at 30 September 2011	Interest attributable to the Company	Capital value in existing state attributable to the Company as at 30 September 2011
	(US\$)	(%)	(US\$)

**Group XV — Property interests leased to the Group in the United States**

106.	2 leased properties in the United States		No commercial value
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Property interest	Capital value in existing state as at 30 September 2011	Interest attributable to the Company	Capital value in existing state attributable to the Company as at 30 September 2011
	(£)	(%)	(£)

**Group XVI — Property interests leased to the Group in the United Kingdom**

107.	2 leased/licenced properties in the United Kingdom		No commercial value
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## VALUATION CERTIFICATE

## Group I — Property interests held by the Group for investment in Hong Kong

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
<p>1. Pacific Place Apartments, Pacific Place, 88 Queensway, Hong Kong</p> <p>122,102/175,000th shares of and in Inland Lot No. 8582 and the Extension thereto</p>	<p>Pacific Place is a comprehensive office, hotel/serviced apartments and commercial complex completed in phases. It comprises four towers for office, hotel and serviced apartments uses erected upon a common retail/car parking podium completed from 1988 to 1991.</p> <p>Pacific Place Apartments comprises the 11th to 37th floor of a 56-storey tower providing a total of 270 serviced apartment units within Phase II of the Pacific Place development with the Conrad Hotel occupying the remaining floors. It was completed in 1990.</p> <p>The total gross floor area of the property is approximately 443,075 sq.ft. (41,162.67 sq.m.).</p> <p>The property is held from the Government for a term from 27 May 1986 to 30 June 2047. The current Government rent payable for Inland Lot No. 8582 and the Extension thereto is an amount equal to 3% of the rateable value for the time being of the lot per annum.</p>	<p>Except a portion of 72,180 sq.ft. (6,705.69 sq.m.) that is vacant, the property is subject to various tenancies with terms of half year to 2 years with the latest tenancy due to expire on 24 September 2012. The rents are exclusive of rates, management fees and other outgoings.</p> <p>The total monthly rent is approximately HK\$15,745,000.</p>	<p>HK\$8,400,000,000</p>

*Note:* The registered owner of the property is Pacific Place Holdings Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
2. Flats 1B, 2C, 3A, 4A, 4C, 5B and 7B and 7 car parking spaces, Eredine, 38 Mount Kellett Road, The Peak, Hong Kong  7/21st shares of and in Rural Building Lot No. 587 and Extension thereto	<p>The property comprises 7 flats and 7 car parking spaces in an apartment building which comprises 7 residential storeys over 1 storey of caretakers' room/meter room/storeroom and 1 storey of carport, provided with a communal swimming pool and was completed in 1965.</p> <p>The total gross floor area of the property is approximately 23,224 sq.ft. (2,157.56 sq.m.) excluding the area of the car parking spaces.</p> <p>The property is held from the Government for a term of 150 years from 8 February 1888. The current Government rent for the whole lot is HK\$624 per annum.</p>	<p>The property is fully let and subject to various tenancies mostly on terms of 2 years with the latest tenancy due to expire on 31 May 2013. The rents are exclusive of rates, management fees and other outgoings.</p> <p>The total monthly rent is approximately HK\$985,500.</p>	HK\$555,000,000

*Note:* The registered owner of the property is Redhill Properties Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
3. House B, 36 Island Road, Deep Water Bay, Hong Kong  420/1,100th shares of and in Rural Building Lot No. 507 and Extensions thereto	<p>The property is a 3-storey detached house completed in 1980 with an individual swimming pool plus covered carports.</p> <p>The gross floor area of the property is approximately 2,644 sq.ft. (245.63 sq.m.).</p> <p>The property is held from the Government for a term of 75 years from 7 July 1947, renewable for a further term of 75 years. The current Government rent for the whole lot including the extension is HK\$2,000 per annum.</p>	<p>The property is subject to a tenancy for a term of 2 years from 1 December 2009 to 30 November 2011. The rent is exclusive of rates, management fees and other outgoings.</p> <p>The total monthly rent is approximately HK\$230,000.</p>	HK\$163,000,000

*Note:* The registered owner of the property is Redhill Properties Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
4. Rocky Bank, 6 Deep Water Bay Road, Hong Kong  The Remaining Portion of Rural Building Lot No. 613	The property comprises six 3-storey semi-detached houses completed in 1981 with a communal garden and swimming pool, plus covered carports.  The total gross floor area of the property is approximately 14,768 sq.ft. (1,371.98 sq.m.).  The property is held from the Government for a term of 75 years from 12 December 1949, renewable for a further term of 75 years. The current Government rent for the whole lot is HK\$688 per annum.	The property is fully let and subject to various tenancies mostly on terms of 2 years with the latest tenancy due to expire on 12 May 2013. The rents are exclusive of rates, management fees and other outgoings.  The total monthly rent is approximately HK\$1,155,000.	HK\$742,000,000

*Note:* The registered owner of the property is Redhill Properties Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
5. White Jade, Cheung Sha, Lantau Island, New Territories	The property comprises a 2-storey detached house completed in 1975 with garden and swimming pool.	The property is subject to a tenancy for a term from 25 July 2011 to 24 July 2013 at a monthly rent of HK\$72,000 inclusive of rates, management fees and other outgoings.	HK\$24,100,000
The Remaining Portion of Lot No. 666 in Demarcation District No. 332 and Extension thereto	<p>The total gross floor area of the property is approximately 2,078 sq.ft. (193.05 sq.m.).</p> <p>The site area of the property is approximately 11,465 sq.ft. (1,065.12 sq.m.).</p> <p>The property is held from the Government for a term of 99 years less the last three days from 1 July 1898 which has been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>		

*Note:* The registered owner of the property is Swire Properties Investments Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
6. Green Jade, Cheung Sha, Lantau Island, New Territories	The property comprises a 2-storey detached house completed in 1975 with garden and swimming pool.	The property is subject to a tenancy for a term from 1 October 2011 to 30 September 2013 at a monthly rent of HK\$72,000 inclusive of rates, management fees and other outgoings.	HK\$24,100,000
Section A of Lot No. 666 in Demarcation District No. 332 and Extension thereto	<p>The total gross floor area of the property is approximately 2,078 sq.ft. (193.05 sq.m.).</p> <p>The site area of the property is approximately 15,448 sq.ft. (1,435.15 sq.m.).</p> <p>The property is held from the Government for a term of 99 years less the last three days from 1 July 1898 which has been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>		

*Note:* The registered owner of the property is Swire Properties Investments Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
<p>7. The Mall and Carpark, Pacific Place, 88 Queensway, Hong Kong</p> <p>71,914/100,000th shares of and in Inland Lot No. 8571 and 122,102/175,000th shares of and in Inland Lot No. 8582 and Extension thereto</p>	<p>Pacific Place is a comprehensive office, hotel/serviced apartments and commercial complex completed in phases. It comprises four towers for office, hotel and serviced apartments uses erected upon a common retail/car parking podium completed from 1988 to 1991.</p> <p>The Mall comprises 6 levels of integrated shopping centre with car parking spaces forming part of the Pacific Place development and was completed in two phases between 1988 and 1990.</p> <p>The two basement floors provide 470 car parking spaces whilst a portion of basement 1 and levels 1-4 provide retail space, restaurant accommodation and the cinema complex.</p> <p>The total gross floor area of the property, including the cinema, is approximately 711,182 sq.ft. (66,070.42 sq.m.).</p> <p>Inland Lot No. 8571 is held from the Government for a term of 75 years from 18 April 1985 renewable for a further term of 75 years. The current Government rent for Inland Lot No. 8571 is HK\$1,000 per annum.</p> <p>Inland Lot No. 8582 and the Extension thereto is held from the Government for a term from 27 May 1986 to 30 June 2047. The current Government rent for Inland Lot No. 8582 and the Extension thereto is an amount equal to 3% of the rateable value for the time being of the lot per annum.</p>	<p>The property is fully let and subject to various tenancies with terms of 1 year to 8 years with the latest tenancy due to expire in June 2019. The rents are exclusive of rates, management fees, air-conditioning charges and other outgoings. The car parking spaces are licensed on monthly and hourly basis.</p> <p>The total monthly rent and licence income is approximately HK\$79,400,000.</p>	<p>HK\$25,661,000,000</p>

*Note:* The registered owner of the property is Pacific Place Holdings Limited.



## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
8. One Pacific Place, 88 Queensway, Hong Kong  71,914/100,000th shares of and in Inland Lot No. 8571	<p>Pacific Place is a comprehensive office, hotel/serviced apartments and commercial complex completed in phases. It comprises four towers for office, hotel and serviced apartments uses erected upon a common retail/car parking podium completed from 1988 to 1991.</p> <p>One Pacific Place comprises a 36-storey office building within Phase I of the Pacific Place development. It was completed in 1988.</p> <p>The total gross floor area of the property is approximately 863,266 sq.ft. (80,199.37 sq.m.).</p> <p>The property is held from the Government for a term of 75 years from 18 April 1985, renewable for a further term of 75 years. The current Government rent for Inland Lot No. 8571 is HK\$1,000 per annum.</p>	<p>The property is subject to various tenancies with terms of 1 year to 5 years with the latest tenancy due to expire in July 2016. The rents are exclusive of rates, management fees and other outgoings.</p> <p>The total monthly rent is approximately HK\$58,060,000.</p>	HK\$21,638,000,000

*Note:* The registered owner of the property is Pacific Place Holdings Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
<p>9. Two Pacific Place, 88 Queensway, Hong Kong</p> <p>122,102/175,000th shares of and in Inland Lot No. 8582 and the Extension thereto</p>	<p>Pacific Place is a comprehensive office, hotel/serviced apartments and commercial complex completed in phases. It comprises four towers for office, hotel and serviced apartments uses erected upon a common retail/car parking podium completed from 1988 to 1991.</p> <p>Two Pacific Place comprises the office floors on the 10th to 36th floors of a 52-storey tower within Phase II of the Pacific Place development with the Island Shangri-La Hong Kong occupying the remaining floors. It was completed in 1990.</p> <p>The total gross floor area of the property is approximately 695,510 sq.ft. (64,614.46 sq.m.).</p> <p>The property is held from the Government for a term from 27 May 1986 and to 30 June 2047. The current Government rent for Inland Lot No. 8582 and the Extension is an amount equal to 3% of the rateable value for the time being of the lot per annum.</p>	<p>The property is subject to various tenancies with terms of 1 year to 4 years with the latest tenancy due to expire in June 2015. The rent are exclusive of rates, management fees and other outgoings.</p> <p>The total monthly rent is approximately HK\$46,604,000.</p>	<p>HK\$16,082,000,000</p>

*Note:* The registered owner of the property is Pacific Place Holdings Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
<p>10. Three Pacific Place, 1 Queen's Road East, Hong Kong</p> <p>The Remaining Portion of Section A of Inland Lot No. 47A, the Remaining Portion of Section B of Inland Lot No. 47A, the Remaining Portion of Section C of Inland Lot No. 47A, the Remaining Portion of Inland Lot No. 47A, the Remaining Portion of Section C of Inland Lot No. 47B, the Remaining Portion of Inland Lot No. 47B, Sub-section 2 of Section B of Inland Lot No. 47A, Section D of Inland Lot No. 47A, Section D of Inland Lot No. 47B, the Remaining Portion of Section B of Inland Lot No. 47B, the Remaining Portion of Section A of Inland Lot No. 47B, the Remaining Portion of Section A of Inland Lot No. 47C, the Remaining Portion of Sub-section 1 of Section A of Inland Lot No. 47C, the Remaining Portion of Inland Lot No. 47C, the Remaining Portion of Inland Lot No. 47D, the Remaining Portion of Section A of Inland Lot No. 47D,</p>	<p>Three Pacific Place is a commercial development completed in two phases. Phase 1 of Three Pacific Place comprises a 40-storey Grade A commercial building plus a 3-level car parking basement completed in 2004. Phase 2 of the development was completed in 2007 and comprises a retail floor and a subway connection at B3 level.</p> <p>The total gross floor area of the whole development (both Phase 1 and Phase 2) is approximately 627,657 sq.ft. (58,310.26 sq.m.) excluding the floor area of the car parking spaces.</p> <p>111 private car parking spaces are provided at Basements 1 to 3.</p> <p>The property (except Extension to Sub-section 5 of Section C of Inland Lot No. 47, the lease term of which is 50 years from 9 May 2000 and Extension to Sub-section 1 of Section C of Inland Lot No. 47, the lease term of which is 50 years from 18 June 2002) is held from the Government for respective terms of 999 years from 17 May 1850 (re: Inland Lot No. 47A) and 24 June 1853 (re: Inland Lot Nos. 47, 47B, 47C and 47D). The total current Government rent for the subject lot sections of Inland Lot No. 47 (except Extension to Sub-section 5 of Section C of Inland Lot No. 47 and Extension to Sub-section 1 of Section C of Inland Lot No. 47, which the government rent is an amount equal to 3% of the rateable value for the time being of the respective lot section extension per annum) is HK\$144 per annum. The current total Government rent for Inland Lot Nos. 47A, 47B, 47C and 47D is 51 pounds 17 shillings and 30 pence per annum.</p>	<p>The property is subject to various tenancies with terms of 1 years to 4 years with the latest tenancy due to expire in February 2015. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis.</p> <p>The total monthly rent and licence income is approximately HK\$38,415,000.</p>	HK\$12,963,600,000

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
	<p>the Remaining Portion of Section B of Inland Lot No. 47, Sub-section 1 of Section A of Inland Lot No. 47, Sub-section 1 of Section C of Inland Lot No. 47 and the Extension thereto, Section A of Sub-section 2 of Section C of Inland Lot No. 47, the Remaining Portion of Sub-section 2 of Section C of Inland Lot No. 47, Section A of Sub-section 3 of Section C of Inland Lot No. 47, the Remaining Portion of Sub-section 3 of Section C of Inland Lot No. 47, Sub-section 4 of Section C of Inland Lot No. 47, Sub-section 5 of Section C of Inland Lot No. 47 and the Extension thereto, the Remaining Portion of Sub-section 6 of Section C of Inland Lot No. 47, Section A of Sub-section 6 of Section C of Inland Lot No. 47, the Remaining Portion of Section C of Inland Lot No. 47, Sub-section 1 of Section B of Inland Lot No. 47, the Remaining Portion of Section A of Inland Lot No. 47, Section P of Inland Lot No. 47 and the Remaining Portion of Inland Lot No. 47</p>		

*Note:* The registered owner of the property is One Queen's Road East Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
11. Cityplaza, Taikoo Shing, Quarry Bay, Hong Kong  Cityplaza North: 56,954/114,000th shares of and in Sub-section 5 of Section K of Quarry Bay Marine Lot No.2 and the Extension thereto  Cityplaza South: Erected on the Remaining Portion of Section R, Section A of Sub-section 1 of Section R, the Remaining Portion of Section Q, Section A and the Remaining Portion of Sub-section 7 of Section Q, Sub-section 1 and the Remaining Portion of Section A and Section B of Sub-section 2 of Section Q, the Remaining Portion of Section J of Quarry Bay Marine Lot No. 2 and the Extension thereto	Cityplaza is a regional shopping centre comprising Cityplaza South (6-storey) and Cityplaza North (4-storey) which are linked with 3-footbridges.  General retail space, an ice-skating rink, a cinema (known as Cineplex) and restaurant accommodation are provided within Cityplaza.  A total of 834 car parking spaces are provided at 3 basement floors.  Cityplaza South and Cityplaza North were completed from 1983 to 2000.  The total gross floor area of Cityplaza South and Cityplaza North is approximately 1,105,227 sq.ft. (102,678.09 sq.m.).  The property is held from the Government for a term of 999 years from 18 April 1900. The total current Government rent for the whole of Quarry Bay Marine Lot No. 2 and the Extension thereto is HK\$16,206 per annum.	The property is fully let and subject to various tenancies with terms of 1 year to 8 years with the latest tenancy due to expire in May 2018. The rents are exclusive of rates, management fees and other outgoings and car parking spaces are licensed on a monthly and hourly basis.  The total monthly rent and license income is approximately HK\$37,310,000.	HK\$9,267,000,000

*Notes:*

- (1) The registered owners of the property are Swire Pacific Limited (Re: QBML 2 & Ext. s.K ss.5), Swire Properties Limited (Re: QBML 2 & Ext. s.R R.P., s.R ss.1 s.A, s.Q R.P., s.Q ss.7 s.A, s.Q ss.7 R.P., s.Q ss.2 s.B, s.Q ss.2 s.A ss.1 and s.Q ss.2 s.A R.P.) and Quarry Bay Developments Limited (Re: QBML 2 & Ext. s.J R.P.). The ultimate beneficial owner is Cityplaza Holdings Limited.
- (2) Quarry Bay Marine Lot No. 2 has been partitioned into various sections and sub-sections. The subject property interest is liable only for part of the current Government rent.
- (3) The property is subject to an Agreement for Sale and Purchase dated 19 May 1977 and registered vide Memorial No. UB1393268 by Swire Pacific Limited in favour of Swire Properties Limited for a consideration of HK\$341,000,000 (Re: QBML 2 & Ext. s.K).
- (4) The property is subject to an Agreement for Sale and Purchase dated 8 September 1984 and registered vide Memorial No. UB2641127 by Swire Properties Limited in favour of Taikoo Shing Developments Limited (now known as Cityplaza Holdings Limited) for a consideration of HK\$490,000,000 (Re: QBML 2 & Ext. s.K ss.5).

- (5) The property is subject to an Agreement for Sale and Purchase dated 31 January 1991 and registered vide Memorial No. UB4768243 by Quarry Bay Developments Limited in favour of Taikoo Shing Developments Limited (now known as Cityplaza Holdings Limited) for a consideration of HK\$1,717,000,000 (Re: QBML 2 & Ext. s.R R.P., s.R ss.1 s.A, s.Q R.P., s.Q ss.7 s.A, s.Q ss.7 R.P., s.Q ss.2 s.B, s.Q ss.2 s.A ss.1, S.Q ss.2 s.A R.P., and s.J R.P.).
- (6) The property is subject to a Letter relating to new revised limit for gross floor area dated 30 December 2005 and registered vide Memorial No. 06021002030019 (Re: QBML 2 & Ext. s.K ss.5 and QBML 2 & Ext. s.J R.P.).
- (7) The property is subject to a Letter relating to approval of amend Master Development Plan dated 30 December 2005 and registered vide Memorial No. 06021002030024 (Re: QBML 2 & Ext. s.K ss.5 and QBML 2 Ext. s.J R.P.).

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
12. Cityplaza One, Taikoo Shing, Quarry Bay, Hong Kong	The property interest comprises the offices on 7th to 27th floors of a 21-storey office building erected over a 6-storey commercial podium with a basement floor completed in 1997.	Except a portion of 20,204 sq.ft. (1,877.00 sq.m.) that is vacant, the property is subject to various tenancies with terms of 3 years to 12 years with the latest tenancy due to expire on 30 April 2017 at a monthly rent of approximately HK\$14,806,000 exclusive of rates, management fees and other outgoings.	HK\$4,857,000,000
Erected on the Remaining Portion of Section R, Section A of Sub-section 1 of Section R, the Remaining Portion of Section Q, Section A and the Remaining Portion of Sub-section 7 of Section Q, Sub-section 1 and the Remaining Portion of Section A and Section B of Sub-section 2 of Section Q, the Remaining Portion of Section J of Quarry Bay Marine Lot No. 2 and the Extension thereto	The total gross floor area of the property is approximately 628,785 sq.ft. (58,415.55 sq.m.). The property is held from the Government for a term of 999 years from 18 April 1900. The current Government rent for the whole of QBML No. 2 and Extension thereto is HK\$16,206 per annum.		

*Notes*

- (1) The registered owners of the property are Swire Properties Limited (Re: QBML 2 & Ext. s.R R.P., s.R ss.1 s.A, s.Q R.P., s.Q ss.7 s.A, s.Q ss.7 R.P., s.Q ss.2 s.B, s.Q ss.2 s.A ss.1 and s.Q ss.2 s.A R.P.) and Quarry Bay Developments Limited (Re: QBML 2 & Ext. s.J R.P.). The ultimate beneficial owner is Cityplaza Holdings Limited.
- (2) Quarry Bay Marine Lot No. 2 has been partitioned into various sections and sub-sections. The subject property is liable only for part of the current Government rent.
- (3) The property is subject to an Agreement for Sale and Purchase dated 31 January 1991 registered vide Memorial No. UB4768243 in favour of Taikoo Shing Developments Limited (now known as Cityplaza Holdings Limited) (Re: QBML 2 & Ext. s.R R.P., s.R ss.1 s.A, s.Q R.P., s.Q ss.7 s.A, s.Q ss.7 R.P., s.Q ss.2 s.B, s.Q ss.2 s.A ss.1, s.Q ss.2 s.A R.P. and s.J R.P.).

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
13. Cityplaza Three, 14 Taikoo Wan Road, Taikoo Shing, Quarry Bay, Hong Kong  Erected on the Remaining Portion of Section K of Quarry Bay Marine Lot No. 2 and the Extension thereto	<p>The property comprises a 24-storey commercial building including a basement and 10 car parking spaces completed in 1992.</p> <p>The 1st floor provides retail space, 2nd floor is for showroom and ancillary accommodation whilst upper levels from 3rd to 22nd floors provide office accommodation.</p> <p>The total gross floor area of the property is approximately 447,714 sq.ft. (41,593.65 sq.m.) excluding the floor area of the car parking spaces.</p> <p>The property is held from the Government for a term of 999 years from 18 April 1900. The current Government rent for the whole of QBML No. 2 and Extension is HK\$16,206 per annum.</p>	<p>Except a portion of 3,002 sq.ft. (278.89 sq.m.) that is vacant, the property is subject to various tenancies with terms of 2 years to 9 years with the latest tenancy due to expire on 15 January 2017. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly basis.</p> <p>The total monthly rent and licence income is approximately HK\$11,407,000.</p>	HK\$3,487,000,000

*Notes:*

- (1) The registered owner of the property is Swire Pacific Limited. The ultimate beneficial owner is Cityplaza Holdings Limited.
- (2) Quarry Bay Marine Lot No. 2 has been partitioned into various sections and sub-sections. The subject property is liable only for part of the current Government rent.
- (3) The property is subject to an Agreement for Sale and Purchase dated 19 May 1977 and registered vide Memorial No. UB1393268 by Swire Pacific Limited in favour of Swire Properties Limited for a consideration of HK\$341,000,000 (Re: QBML 2 s.K & Ext.).
- (4) The property is subject to an Agreement for Sale and Purchase dated 26 September 1980 and registered vide Memorial No. UB1944931 by Swire Properties Limited in favour of Taikoo Shing Developments Limited (now known as Cityplaza Holdings Limited) for a consideration of HK\$287,903,362.85 (Re: ss.1-2, s.A & R.P. of ss.4, ss.6-14 & R.P. of s.K of QBML 2 & Ext.).
- (5) The property is subject to a Letter relating to new revised limit for gross floor area dated 30 December 2005 and registered vide Memorial No. 06021002030019 (Re: QBML 2 & Ext. s.K ss.5 and QBML 2 & Ext. s.J R.P.).
- (6) The property is subject to a Letter relating to approval of amend Master Development Plan dated 30 December 2005 and registered vide Memorial No. 06021002030024 (Re: QBML 2 & Ext. s.K ss.5 and QBML 2 Ext. s.J R.P.).



## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
14. Cityplaza Four, 12 Taikoo Wan Road, Taikoo Shing, Quarry Bay, Hong Kong  Erected on the Remaining Portion of Section K of Quarry Bay Marine Lot No. 2 and the Extension thereto	The property comprises a 24-storey commercial building including a basement completed in 1991.  The 1st floor provides retail space whilst 2nd floor for showroom and ancillary accommodation, upper levels from 3rd to 22nd floors provide office accommodation.  The total gross floor area of the property is approximately 556,431 sq.ft. (51,693.70 sq.m.).  The property is held from the Government for a term of 999 years from 18 April 1900. The current Government rent for the whole of QBML No. 2 and Extension is HK\$16,206 per annum.	Except a portion of 5,722 sq.ft. (531.59 sq.m.) that is vacant, the property is subject to various tenancies with terms of 2 years to 10 years with the latest tenancy due to expire on 31 January 2018 at a monthly rent of approximately HK\$13,068,000 exclusive of rates, management fees and other outgoings.	HK\$4,317,000,000

*Notes:*

- (1) The registered owner of the property is Swire Pacific Limited. The ultimate beneficial owner is Cityplaza Holdings Limited.
- (2) Quarry Bay Marine Lot No. 2 has been partitioned into various sections and sub-sections. The subject property is liable only for part of the current Government rent.
- (3) The property is subject to an Agreement for Sale and Purchase dated 19 May 1977 and registered vide Memorial No. UB1393268 by Swire Pacific Limited in favour of Swire Properties Limited for a consideration of HK\$341,000,000 (Re: QBML 2 s.K & Ext.).
- (4) The property is subject to an Agreement for Sale and Purchase dated 26 September 1980 and registered vide Memorial No. UB1944931 by Swire Properties Limited in favour of Taikoo Shing Developments Limited (now known as Cityplaza Holdings Limited) for a consideration of HK\$287,903,362.85 (Re: ss.1-2, s.A & R.P. of ss.4, ss.6-14 & R.P. of s.K of QBML 2 & Ext.).
- (5) The property is subject to a Letter relating to new revised limit for gross floor area dated 30 December 2005 and registered vide Memorial No. 06021002030019 (Re: QBML 2 & Ext. s.K ss.5 and QBML 2 & Ext. s.J R.P.).
- (6) The property is subject to a Letter relating to approval of amend Master Development Plan dated 30 December 2005 and registered vide Memorial No. 06021002030024 (Re: QBML 2 & Ext. s.K ss.5 and QBML 2 Ext. s.J R.P.).

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
15. Cambridge House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	The property comprises a 37-storey office building completed in 2003 and is linked to Devon House at first floor level.	Except a portion of 3,211 sq.ft. (298.31 sq.m.) that is vacant, the property is	HK\$2,222,000,000
Which together with Devon House and the Shell Station are erected on	Some retail accommodation is provided on the ground floor whilst the 1st floor is reserved to be operated as a restaurant. The total gross floor area of the property is approximately 268,795 sq.ft. (24,971.66 sq.m.).	subject to various tenancies with terms of 3 years to 6 years with the latest tenancy due to expire on 20 June 2016 at a	
Sub-section 2 of Section E of Quarry Bay Marine Lot No. 1, Sub-section 1 of Section F of Quarry Bay Marine Lot No. 1 and the	The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rents payable for the respective lots are as follows:	monthly rent of approximately HK\$7,838,000 exclusive of rates, management fees and other outgoings.	
Remaining Portion of Section F of Quarry Bay Marine Lot No. 1 and	<b>Lot</b>	<b>Government rent per annum</b>	
Section N of Marine Lot No. 703	QBML No.1 s.E ss.2	HK\$40	
	QBML No.1 s.F ss.1	HK\$128	
		(QBML No.1 s.F)	
	QBML No.1 s.F R.P.	HK\$128	
		(QBML No.1 s.F)	
	ML No. 703 s.N	HK\$164	

*Note:* The registered owner of the property is TaiKoo Place Holdings Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
16. Devon House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	The property comprises a 30-storey office building plus a 4-level basement providing 311 car parking spaces completed in 1993.	Except a portion of 15,566 sq.ft. (1,446.12 sq.m.) that is vacant, the	HK\$6,742,000,000
Which together with Cambridge House and the Shell Station are erected on Sub-section 2 of Section E of Quarry Bay Marine Lot No. 1, Sub-section 1 and the Remaining Portion of Section F of Quarry Bay Marine Lot No. 1 and Section N of Marine Lot No. 703	Some retail accommodation is provided on the ground floor and the 1st floor. The 1st floor is linked to Dorset House and Cambridge House and the Quarry Bay MTR Station by footbridge. The 2nd floor is currently occupied by a restaurant.  The total gross floor area of the property is approximately 803,452 sq.ft. (74,642.51 sq.m.) excluding the floor area of the car parking spaces.  The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rents payable for the respective lots are as follows:	property is subject to various tenancies with terms of 3 years with the latest tenancy due to expire on 30 June 2017. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis.  The total monthly rent and licence income is approximately HK\$21,426,000.	
	<b>Lot</b>	<b>Government rent per annum</b>	
	QBML No.1 s.E ss.2	HK\$40	
	QBML No.1 s.F ss.1	HK\$128	
		(QBML No.1 s.F)	
	QBML No.1 s.F R.P.	HK\$128	
		(QBML No.1 s.F)	
	ML No. 703 s.N	HK\$164	

*Note:* The registered owner of the property is TaiKoo Place Holdings Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
17. Dorset House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	The property comprises a 40-storey office building plus a 4-level basement providing 215 car parking spaces completed in 1994 and is linked to Devon House at first floor level.	Except a portion of 8,817 sq.ft. (819.12 sq.m.) that is vacant, the property is subject to various tenancies with terms of 3 years to 9 years with the latest tenancy due to expire on 31 August 2017. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis.	HK\$4,865,000,000
Which together with PCCW Tower and Lincoln House are erected on Section S and the Remaining Portion of Quarry Bay Marine Lot No. 1, Sub-section 1 and Sub-section 2 and the Remaining Portion of Section T of Quarry Bay Marine Lot No. 1 and Section U of Quarry Bay Marine Lot No. 1	Some retail accommodation is provided on the ground floor whilst the 2nd to 4th floor is operated as a Club with a fitness centre and restaurant facilities, operating under the name 'Butterfields'.  The total gross floor area of the property is approximately 609,540 sq.ft. (56,627.65 sq.m.) excluding the floor area of the car parking spaces.  The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rents payable for the respective lots are as follows:	The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis.  The total monthly rent and licence income is approximately HK\$13,228,000.	
	<b>Lot</b>	<b>Government rent per annum</b>	
	QBML No.1 s.S	HK\$34	
	QBML No.1 s.T ss.1	HK\$42	
	QBML No.1 s.T ss.2	HK\$2,186 (QBML No.1)	
	QBML No.1 s.T R.P.	HK\$2,186 (QBML No.1)	
	QBML No.1 s.U	HK\$10	
	QBML No.1 R.P.	HK\$1,190	

*Note:* The registered owner of the property is TaiKoo Place Holdings Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011														
18. Lincoln House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong  Which together with Dorset House and PCCW Tower are erected on Section S of Quarry Bay Marine Lot No. 1, Sub-sections 1 and 2 and the Remaining Portion of Section T, Section U and the Remaining Portion of Quarry Bay Marine Lot No. 1	<p>The property comprises a 24-storey office building plus a 5-level basement providing 164 car parking spaces completed in 1998 and is linked to PCCW Tower at first floor level.</p> <p>Some of retail accommodation is provided on the ground floor.</p> <p>The total gross floor area of the property is approximately 333,353 sq.ft. (30,969.25 sq.m.) excluding the area of the car parking spaces.</p> <p>The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rents payable for the respective lots are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Lot</th> <th style="text-align: right;">Government rent per annum</th> </tr> </thead> <tbody> <tr> <td>QBML No.1 s.S</td> <td style="text-align: right;">HK\$34</td> </tr> <tr> <td>QBML No.1 s.T ss.1</td> <td style="text-align: right;">HK\$42</td> </tr> <tr> <td>QBML No.1 s.T ss.2</td> <td style="text-align: right;">HK\$2,186</td> </tr> <tr> <td>QBML No.1 s.T R.P.</td> <td style="text-align: right;">HK\$2,186</td> </tr> <tr> <td>QBML No.1 s.U</td> <td style="text-align: right;">HK\$10</td> </tr> <tr> <td>QBML No.1 R.P.</td> <td style="text-align: right;">HK\$1,190</td> </tr> </tbody> </table>	Lot	Government rent per annum	QBML No.1 s.S	HK\$34	QBML No.1 s.T ss.1	HK\$42	QBML No.1 s.T ss.2	HK\$2,186	QBML No.1 s.T R.P.	HK\$2,186	QBML No.1 s.U	HK\$10	QBML No.1 R.P.	HK\$1,190	<p>Except a portion of 11,118 sq.ft. (1,032.89 sq.m.) that is vacant, the property is subject to various tenancies with terms of 3 years to 6 years with the latest tenancy due to expire on 31 March 2017. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis.</p> <p>The total monthly rent and licence income is approximately HK\$9,145,000.</p>	HK\$2,722,000,000
Lot	Government rent per annum																
QBML No.1 s.S	HK\$34																
QBML No.1 s.T ss.1	HK\$42																
QBML No.1 s.T ss.2	HK\$2,186																
QBML No.1 s.T R.P.	HK\$2,186																
QBML No.1 s.U	HK\$10																
QBML No.1 R.P.	HK\$1,190																

*Note:* The registered owner of the property is TaiKoo Place Holdings Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011								
19. Oxford House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong  Which together with a private road between Dai Chong Hong Commercial Centre and Oxford House are erected on Sub-sections 4 and 7 of Section C of Quarry Bay Marine Lot No. 1 and Section D of Quarry Bay Marine Lot No. 2 and the Extension thereto	<p>The property comprises a 42-storey office building plus a 5-level basement providing 182 car parking spaces completed in 1999 and is linked to Somerset House at first floor level.</p> <p>Some retail accommodation is provided on the ground floor and 2nd floor.</p> <p>The total gross floor area of the property is approximately 501,253 sq.ft. (46,567.54 sq.m.) excluding the floor area of the car parking spaces.</p> <p>The property is held from the Government for the respective terms of 999 years from 2 February 1882 and 18 April 1900 respectively. The current Government rents payable for the respective lots are as follow:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Lot</th> <th style="text-align: right;">Government rent per annum</th> </tr> </thead> <tbody> <tr> <td>QBML No.1 s.C ss.4</td> <td style="text-align: right;">HK\$56.5</td> </tr> <tr> <td>QBML No.1 s.C ss.7</td> <td style="text-align: right;">HK\$294 (QBML No.1 s.C)</td> </tr> <tr> <td>QBML No.2 s.D &amp; Extension</td> <td style="text-align: right;">HK\$63.5</td> </tr> </tbody> </table>	Lot	Government rent per annum	QBML No.1 s.C ss.4	HK\$56.5	QBML No.1 s.C ss.7	HK\$294 (QBML No.1 s.C)	QBML No.2 s.D & Extension	HK\$63.5	<p>Except a portion of 2,814 sq.ft. (261.43 sq.m.) that is vacant, the property is fully let and is subject to various tenancies with terms of 3 years to 6 years with the latest tenancy due to expire on 16 September 2015. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis.</p> <p>The total monthly rent and licence income is approximately HK\$11,875,000.</p>	HK\$3,763,000,000
Lot	Government rent per annum										
QBML No.1 s.C ss.4	HK\$56.5										
QBML No.1 s.C ss.7	HK\$294 (QBML No.1 s.C)										
QBML No.2 s.D & Extension	HK\$63.5										

*Note:* The registered owner of the property is Cathay Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
20. PCCW Tower, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	The property comprises a 43-storey commercial building providing 217 car parking spaces completed in 1994 and is linked to Lincoln House and Devon House at first floor level.  The total gross floor area of the property is approximately 620,148 sq.ft. (57,613.15 sq.m.) excluding the floor area of the car parking spaces.  The property is held under a sublease for a term of 999 years less the last 3 days from 2 February 1882. The current Government rents payable for the respective lots are as follows:	Except a portion of 8,093 sq.ft. (751.86 sq.m.) that is vacant, the property is subject to various tenancies with terms of 3 years to 6 years with the latest tenancy due to expire on 30 June 2017. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly basis.  The total monthly rent and licence income is approximately HK\$16,881,000.	HK\$4,978,000,000  (50% interest attributable to the Company: HK\$2,489,000,000)
Which together with Dorset House and Lincoln House are erected on Section S of Quarry Bay Marine Lot No. 1, Sub-section 1 and Sub-section 2 and the Remaining Portion of Section T of Quarry Bay		<b>Government rent per annum</b>	
Marine Lot No. 1, Section U of Quarry Bay	<b>Lot</b> QBML No.1 s.S	HK\$34	
Marine Lot No. 1 and the Remaining Portion of Quarry Bay	QBML No.1 s.T ss.1	HK\$42	
Marine Lot No. 1	QBML No.1 s.T ss.2	HK\$2,186	
	QBML No.1 s.T R.P.	(QBML No.1) HK\$2,186	
	QBML No.1 s.U	(QBML No.1) HK\$10	
	QBML No.1 R.P.	HK\$1,190	

*Notes:*

- (1) The registered owner of the property is Richly Leader Limited which is only entitled to the residue of the term under a sub-lease granted in favour of Monace Limited for 999 years from 2 February 1882 less the last 3 days.
- (2) The property is subject to a First Legal Mortgage dated 4 May 2011 vide Memorial No. 11060202470055 in favour of DBS Bank Ltd.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011																											
21. One Island East, 18 Westlands Road, Quarry Bay, Hong Kong	The property comprises a 68-storey office building plus 2 levels of basement completed in March 2008. The first floor of the building is linked to Cornwall House by a footbridge.	The property is fully let and subject to various tenancies with terms of mostly 3 to 6 years with the latest tenancy due to expire on 31 July 2019 at a monthly rent of approximately HK\$43,181,000 exclusive of rates, management fees and other outgoings.	HK\$14,220,000,000																											
The above building is developed on the following property	The total gross floor area of the property is approximately 1,537,011 sq.ft. (142,791.81 sq.m.).																													
(i) together with unbuilt lots described in (ii) and (iii) below	The property is held from the Government for terms of 999 years. The respective commencement date and Government rent for the lots are as follows:-																													
		<b>Government rent per annum</b>																												
(i) Section D of Quarry Bay Inland Lot No. 15, Sub-sections 5 and 6 of Section C of Quarry Bay Marine Lot No. 1, Sections F and G of Quarry Bay Marine Lot No. 2 and the Extension thereto	<table border="1"> <thead> <tr> <th style="text-align: left;">Lot</th> <th style="text-align: left;">Commencement date</th> <th style="text-align: left;">Government rent per annum</th> </tr> </thead> <tbody> <tr> <td>QBML 1 s.C ss.5</td> <td>2/2/1882</td> <td>HK\$42.5</td> </tr> <tr> <td>QBML 2 &amp; Ext s.F</td> <td>18/4/1900</td> <td>HK\$48.5</td> </tr> <tr> <td>QBML 1 s.C ss.6</td> <td>2/2/1882</td> <td>HK\$7.5</td> </tr> <tr> <td>QBML 2 &amp; Ext. s.G</td> <td>18/4/1900</td> <td>HK\$44.5</td> </tr> <tr> <td>QBIL 15 s.D</td> <td>2/2/1882</td> <td>HK\$50</td> </tr> <tr> <td>QBML 2 &amp; Ext. R.P</td> <td>18/4/1900</td> <td>HK\$16,174 (QBML 2 &amp; Ext.)</td> </tr> <tr> <td>QBML 2 s.H R.P. &amp; Ext.</td> <td>18/4/1900</td> <td>HK\$16,174 (QBML 2 &amp; Ext. s.H)</td> </tr> <tr> <td>QBML 2 &amp; Ext. s.H ss.6 s.B R.P.</td> <td>18/4/1900</td> <td>HK\$16,174 (QBML 2 &amp; Ext. s.H)</td> </tr> </tbody> </table>	Lot	Commencement date	Government rent per annum	QBML 1 s.C ss.5	2/2/1882	HK\$42.5	QBML 2 & Ext s.F	18/4/1900	HK\$48.5	QBML 1 s.C ss.6	2/2/1882	HK\$7.5	QBML 2 & Ext. s.G	18/4/1900	HK\$44.5	QBIL 15 s.D	2/2/1882	HK\$50	QBML 2 & Ext. R.P	18/4/1900	HK\$16,174 (QBML 2 & Ext.)	QBML 2 s.H R.P. & Ext.	18/4/1900	HK\$16,174 (QBML 2 & Ext. s.H)	QBML 2 & Ext. s.H ss.6 s.B R.P.	18/4/1900	HK\$16,174 (QBML 2 & Ext. s.H)		
Lot	Commencement date	Government rent per annum																												
QBML 1 s.C ss.5	2/2/1882	HK\$42.5																												
QBML 2 & Ext s.F	18/4/1900	HK\$48.5																												
QBML 1 s.C ss.6	2/2/1882	HK\$7.5																												
QBML 2 & Ext. s.G	18/4/1900	HK\$44.5																												
QBIL 15 s.D	2/2/1882	HK\$50																												
QBML 2 & Ext. R.P	18/4/1900	HK\$16,174 (QBML 2 & Ext.)																												
QBML 2 s.H R.P. & Ext.	18/4/1900	HK\$16,174 (QBML 2 & Ext. s.H)																												
QBML 2 & Ext. s.H ss.6 s.B R.P.	18/4/1900	HK\$16,174 (QBML 2 & Ext. s.H)																												
(ii) The Remaining Portion of Quarry Bay Marine Lot No. 2 and the Extension thereto																														
(iii) The Remaining Portion of Section B of Sub-section 6 and the Remaining Portion of Section H of Quarry Bay Marine Lot No. 2 and the Extension thereto																														



*Note:* The registered owners of the property are as follows:-

<b>Lot No.</b>	<b>Registered Owner</b>	<b>Beneficial Owner</b>
QBML 1 s.C ss.5	One Island East Limited	One Island East Limited
QBML 2 & Ext. s.F	One Island East Limited	One Island East Limited
QBML 1 s.C ss.6	One Island East Limited	One Island East Limited
QBML 2 & Ext. s.G	One Island East Limited	One Island East Limited
QBIL 15 s.D	One Island East Limited	One Island East Limited
QBML 2 & Ext. R.P.	Swire Properties Limited	Cityplaza Holdings Limited
QBML 2 & Ext. s.H R.P.	Quarry Bay Developments Limited	Cityplaza Holdings Limited
QBML 2 & Ext. s.H ss.6 s.B R.P.	Quarry Bay Developments Limited	Cathay Limited

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
22. 625 King's Road, North Point, Hong Kong	The property comprises a 26-storey commercial building plus a 2-level basement providing 84 car parking spaces completed in 1998.	Except a portion of 3,295 sq.ft. (306.11 sq.m.) that is vacant, the property is subject to various tenancies with terms of 3 years to 4 years with the latest tenancy due to expire on 16 September 2014. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly basis.	HK\$1,666,000,000  (50% interest attributable to the Company: HK\$833,000,000)
Inland Lot No. 7550	The total gross floor area of the property is approximately 301,065 sq.ft. (27,969.62 sq.m.) excluding the floor area of the car parking spaces.  The property is held from the Government for a term of 75 years from 14 July 1958 renewable for a further term of 75 years. The current Government rent for the lot is HK\$1,838 per annum.	The total monthly rent and licence income is approximately HK\$5,287,000.	

*Note:* The registered owner of the property is Island Land Development Limited, being a 50/50 joint venture between the Group and Communication Holdings Limited, a subsidiary of China Motor Bus Company, Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
23. Commercial Accommodation of Island Place, 500 King's Road, and the Car Parking Areas of Island Place, Nos. 51/61 Tanner Road, North Point, Hong Kong  10,930/62,411th shares of and in Inland Lot No. 8849	<p>The property comprises a 4-storey retail podium and 288 car parking spaces within a residential and office development completed in 1996.</p> <p>The basement, ground, first and second floors provide general retail space and restaurant accommodation.</p> <p>A themed food court area is located in the basement, with a total of 6 food kiosks.</p> <p>A total of 288 car parking spaces are provided on the ground, 2nd, 3rd and 4th floors.</p> <p>The total gross floor area of the property is approximately 150,223 sq.ft. (13,956.06 sq.m.) excluding the floor area of the car parking spaces.</p> <p>The property is held from the Government under Conditions of Exchange No. UB12353 for a term from 22 June 1995 to 30 June 2047. The Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>The property is fully let and is subject to various tenancies with terms of 3 years to 6 years with the latest tenancy due to expire on 16 October 2016. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis.</p> <p>The total monthly rent and licence income is approximately HK\$3,049,000.</p>	<p>HK\$825,440,000</p> <p>(60% interest attributable to the Company: HK\$495,264,000)</p>

*Note:* The registered owner of the property is Swire and Island Communication Developments Limited being a 60/40 joint venture between the Group and Island Communication Enterprises Limited, a subsidiary of China Motor Bus Company, Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
<p>24. Stages I (Tsui Woo Terrace), II (Kao Shan Terrace), III (Kao Shan Terrace), IV (Kam Din Terrace), V (On Shing Terrace), VI, VII, VIII, IXA (Harbour View Gardens), IXB (Kwun Hoi Terrace), X (Sing Fai Terrace) and XI (Horizon Gardens), non-domestic units, carparking structure, carparking floors, driveways and car parking spaces, on Ground, Lower Ground 1st, 2nd, 3rd and 4th Floors and various roofs and Basements (excluding Cityplaza), Taikoo Shing, Quarry Bay, Hong Kong</p> <p>484/17,654th shares of and in Subsection 1 and The Remaining Portion of Section A of Shaukiwan Marine Lot No. 1, and The Remaining Portion of Section C, Section D and The Remaining Portion of Shaukiwan Marine Lot No. 2 (Stage I)</p> <p>Subsection 2 of Section C of Shaukiwan Marine Lot No. 2 (A Two-Storeys Carparking Structure in Stage I)</p>	<p>The property comprises various shop units, schools, 3,826 car parking spaces, various storerooms and various landscaped areas within a comprehensive residential development completed between 1977 and 1985.</p> <p>The total gross floor area of the property is approximately 331,079 sq.ft. (30,757.99 sq.m.).</p> <p>Shaukiwan Marine Lot No. 1 is held from the Government for a term of 999 years from 5 August 1890.</p> <p>Shaukiwan Marine Lot No. 2 is held from the Government for a term of 75 years from 27 April 1931 which renewed for a further term of 75 years.</p> <p>Quarry Bay Marine Lot No. 2 and the Extension is held from the Government for a term of 999 years from 18 April 1900.</p> <p>The current Government rent for Shaukiwan Marine Lot Nos. 1 and 2 in total is HK\$984 per annum and for Quarry Bay Marine Lot No. 2 and the Extension thereto is HK\$16,206 per annum.</p>	<p>Except a portion of 7,494 sq.ft. (696.21 sq.m.) that is vacant, the property is subject to various tenancies with terms of 1 to 6 years with the latest tenancy due to expire on 31 August 2016. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis.</p> <p>The total monthly rent and licence income is approximately HK\$14,320,000.</p>	HK\$2,931,000,000

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
	<p>2,722/35,314th shares of and in Section B of Shaukiwan Marine Lot No. 1, and Subsection 1 of Section J and Section L of Quarry Bay Marine Lot No. 2 and The Extension Thereto (Stage II)</p>		
	<p>7,590/55,224th shares of and in Subsection 3 of Section J and Section N of Quarry Bay Marine Lot No. 2 and The Extension Thereto (Stage III)</p>		
	<p>3,942/56,230th shares of and in Section C of Subsection 2, Subsection 4 and Subsection 5 of Section Q of Quarry Bay Marine Lot No. 2 and the Extension Thereto (Stage IV)</p>		
	<p>2,814/41,494th shares of and in Subsection 1 of Section H and Subsection 1 of Section S of Quarry Bay Marine Lot No. 2 and the Extension Thereto (Stage V)</p>		
	<p>907/31,911th shares of and in Subsection 1 of Section U, Section A of Subsection 3 of Section K and Section A of Subsection 3 of Section H of Quarry Bay Marine Lot No. 2 and the Extension thereto (Stage VI)</p>		

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
	<p>696/29,569th shares of and in the Remaining Portion of Subsection 3 of Section K, Section A and the Remaining Portion of Subsection 4 of Section K, Subsection 1 and the Remaining Portion of Section T and the Remaining Portion of Section U, all of Quarry Bay Marine Lot No. 2 and the Extension Thereto (Stage VII)</p>		
	<p>586/20,092nd shares of and in Subsection 9 and Subsection 10 of Section K of Quarry Bay Marine Lot No.2 and the Extension Thereto (Stage VIII)</p>		
	<p>879/29,750th shares of and in Subsection 11 of Section K of Quarry Bay Marine Lot No.2 and the Extension Thereto (Stage IXA)</p>		
	<p>1,134/20,796th shares of and in Subsection 13 of Section K of Quarry Bay Marine Lot No.2 and the Extension Thereto (Stage IXB)</p>		

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
	6,633/57,765th shares of and in Subsection 16 of Section K of Quarry Bay Marine Lot No.2 and the Extension Thereto (Stage X)		
	1,259/114,000th shares of and in Subsection 5 of Section K of Quarry Bay Marine Lot No.2 and the Extension Thereto (Stage XI)		

*Notes:*

- (1) The registered owners of the property are Coventry Estates Limited, Aldrich Bay Developments Limited, Swire Pacific Limited, Swire Properties Limited and Quarry Bay Developments Limited. The ultimate beneficial owners are Coventry Estates Limited or Cityplaza Holdings Limited.
- (2) Part of the property is subject to various Agreements for Sale and Purchase in favour of various subsidiaries of the Group.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
25. Commercial and Office Developments and Car Park of Citygate, Tung Chung, Lantau Island, New Territories  87,533/135,471st shares of and in Tung Chung Town Lot No. 2	<p>The property comprises Citygate South (retail, cinema, office and car parking spaces) and Citygate North (retail, car parking spaces and a hotel) which are linked by a pedestrian bridge that includes retail space.</p> <p>Citygate South comprises 7 levels (including a basement) of retail space including 6-screen cinema of 1,517 seats, 9 office levels and another 2 basement parking levels. The development is linked to the Tung Chung MTR station at the ground level and was completed between 1999 and 2000.</p> <p>The 2nd to 3rd basements provide a total of 1,156 car parking spaces. The 1st basement, ground and 1st to 5th floors accommodate a shopping centre, including cinema whilst the 5th to 13th floors provide office accommodation.</p> <p>The total gross floor area of the commercial accommodation of Citygate is approximately 462,439 sq.ft. (42,961.63 sq.m.), including cinema.</p> <p>The total gross floor area of the office accommodation of Citygate is approximately 160,522 sq.ft. (14,912.86 sq.m.).</p> <p>The property is held from the Government for a term from 27 September 1995 to 30 June 2047. The current Government rent for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>The commercial accommodation is fully let and subject to various tenancies with terms of 1 years to 5 years with the latest tenancy due to expire on 11 June 2016. The rents are exclusive of rates, management fees, air-conditioning charges and other outgoings.</p> <p>Except a portion of 71,977 sq.ft. (6,686.83 sq.m.) that is vacant, the office accommodation is subject to various tenancies with terms of 3 to 5 years with the latest tenancy due to expire on 21 April 2015. The rents are exclusive of rates, management fees, air-conditioning charges and other outgoings and the car parking spaces are licensed on monthly and hourly basis.</p> <p>The total monthly rent and licence income is approximately HK\$17,530,000.</p>	<p>HK\$4,763,000,000</p> <p>(20% interest attributable to the Company: HK\$952,600,000)</p>

*Note:* The registered owner of the property are Newfoundworld Site 2 (CP) Limited (Re: Car Park), Newfoundworld Site 2 (Office) Limited (Re: Office Development) and Newfoundworld Site 2 (Retail) Limited (Re: Commercial Development). The Group holds 20% attributable interest in the property through a joint venture with the registered owners.



## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
26. Commercial Development, Tung Chung Crescent, Tung Chung, Lantau Island, New Territories  6,177/263,293rd shares of and in Tung Chung Town Lot No. 1	<p>The property comprises all the shop units on the ground floor of a 4-level commercial/car park podium upon which eight residential towers are erected. The development was completed in two phases between 1998 and 1999.</p> <p>The total gross floor area of the property is approximately 36,053 sq.ft. (3,349.41 sq.m.).</p> <p>The property is held from the Government for a term from 16 August 1995 to 30 June 2047. The current Government rent for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>The property is fully let and subject to various tenancies with terms of 1 to 6 years with the latest tenancy due to expire on 22 July 2017. The rents are exclusive of rates, management fees and other outgoings.</p> <p>The total monthly rent is approximately HK\$2,360,000.</p>	<p>HK\$388,000,000</p> <p>(20% interest attributable to the Company: HK\$77,600,000)</p>

*Note:* The registered owner of the property is Newfoundworld Site 1 (Retail) Limited and the Group holds 20% attributable interest in the property through a joint venture with the registered owner.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
27. Commercial Units of Towers 1 and 2 and Car Parking Areas, Starcrest, 9 Star Street, Wanchai, Hong Kong  2,322/17,483rd shares of and in Inland Lot No. 8853	<p>The property comprises 2 commercial units on the ground floor, one commercial unit on the 1st floor and 83 private car parking spaces of a 4-storey commercial podium, upon which one 29-storey and one 25-storey residential tower were erected. The development was completed in 1999.</p> <p>The total gross floor area of the property is approximately 13,112 sq.ft. (1,218.13 sq.m.), excluding the floor area of the car parking spaces.</p> <p>The property is held from the Government for a term from 26 July 1996 to 30 June 2047. The current Government rent for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>The property is fully let and is subject to three tenancies with terms of 3 to 4 years with the latest tenancy due to expire in June 2013. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly basis.</p> <p>The total monthly rent and licence income is approximately HK\$625,800.</p>	HK\$190,500,000

*Note:* The registered owner of the property is Massrich Investment Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
28. 21-29 Wing Fung Street, Wanchai, Hong Kong	The property comprises a 6-storey composite building completed in 1992 (Re: 21 Wing Fung Street) and a 3-storey retail building completed in 2006 (Re: 23, 25, 27 and 29 Wing Fung Street).	The property was partly let with the latest tenancy due to expire in August 2013. The rent is exclusive of rates, management fees and other outgoings.	HK\$269,000,000
Section C of Sub-section 1 of Section A, Sub-section 1 of Section B of Sub-section 1 of Section A, the Remaining Portion of Section B of Sub-section 1 of Section A, Sub-section 2 of Section A and Sub-section 3 of Section A of Inland Lot No. 526	The site comprises several contiguous lots with a total site area of approximately 2,967 sq.ft. (275.64 sq.m.).  The total gross floor area of 21 Wing Fung Street is approximately 2,732 sq.ft. (253.81 sq.m.).  The total gross floor area of 23, 25, 27 and 29 Wing Fung Street is approximately 11,307 sq.ft. (1,050.45 sq.m.).  The property is held from the Government under a Government lease for a term of 999 years from 1 September 1857. The total current Government rent for the subject lot sections is HK\$50 per annum.	The total monthly rent is approximately HK\$335,600.	

*Notes:*

- (1) The registered owners of the property are Asian Sights Investment Ltd. (21 Wing Fung Street), Global Linkage Investment Co., Ltd. (Re: 23, 25, 27 and 29 Wing Fung Street).
- (2) The property is subject to a No Objection Letter from the Lands Department of the HKSAR Government (Re: 23, 25, 27 and 29 Wing Fung Street).
- (3) The site is zoned for 'Residential (Group A)' purposes under Draft Wanchai Outline Plan No. S/H5/26 dated 24 September 2010.
- (4) In the course of our valuation, we have taken into account the full development potential of the property subject to the existing tenancy as mentioned above.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
29. Major portion of Cornwall House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong  12,632/20,212th shares of and in Section W and the Remaining Portion of Section R of Quarry Bay Marine Lot No. 1	<p>The property comprises the whole of the basement and ground floor, part of the 1st floor, the whole of the 2nd to 6th and 15th to 22nd floors of a 24-storey (including basement) industrial/godown building completed in 1984.</p> <p>A portion of the ground floor and the whole of the basement and 1st floor provide a total of 104 car parking spaces. The remaining portion of the ground floor and upper levels provide godown and factory space.</p> <p>The total gross floor area of the property is approximately 338,369 sq.ft. (31,435.25 sq.m.).</p> <p>The property is held from the Government for a term of 999 years from 2 February 1882. The current total Government rent payable for the subject lot sections is HK\$100 per annum.</p>	<p>Except a portion of 25,911 sq.ft. (2,407.19 sq.m.) that is vacant, the property is fully let and is subject to various tenancies with terms of 3 to 4 years with the latest tenancy due to expire on 31 August 2016. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly basis.</p> <p>The total monthly rent and licence income is approximately HK\$4,185,000.</p>	HK\$1,095,000,000

*Notes:*

- (1) The property comprises the whole of Cornwall House except Unit A and Cargo Loading Bay Nos. F1 and F2 on the 1st floor, the whole of the 7th to 14th floors and the flat roof on the 14th floor.
- (2) The registered owner of the property is TaiKoo Place Holdings Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
30. Somerset House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong  Together with Warwick House, are erected on the following:  Section Q and the Remaining Portion of Quarry Bay Marine Lot No. 1	<p>The property comprises a 24-storey (including basement) industrial/godown building standing on portion of site of a site area of 238,584 sq.ft. (22,165.01 sq.m.) completed in 1988.</p> <p>A portion of the ground and 1st floors and the whole of the basement provide a total of 84 car parking spaces. The remaining portion of the ground and 1st floors and the upper levels provide godown and factory space.</p> <p>The total gross floor area of the property is approximately 923,364 sq.ft. (85,782.61 sq.m.).</p> <p>According to the information provided by the Group, the Group is planning to redevelop the property into a multi-storey office development with a total gross floor area of about 895,000 sq.ft. The estimated completion date of the development is in between 2017 and 2018.</p> <p>The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rents payable for the respective lots are as follows:</p>	<p>Except a portion of 76,514 sq.ft. (7,108.32 sq.m.) which is vacant, the property is subject to various tenancies with terms of mostly 3 years with the latest tenancy due to expire on 31 May 2017. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly basis.</p> <p>The total monthly rent and licence income is approximately HK\$12,230,000.</p>	HK\$4,548,000,000
	<b>Lot</b>	<b>Government rent per annum</b>	
	QBML No.1 s.Q	HK\$68	
	QBML No.1 R.P.	HK\$1,190	

*Notes:*

- (1) The registered owner of the property is TaiKoo Place Holdings Limited.
- (2) The property falls within the "Comprehensive Development Area" zone on the Quarry Bay Outline Zoning Plan No. S/H21/28 dated 17 September 2010.
- (3) The property has been valued on the basis that it will be developed and completed in accordance with the Group's latest development proposal to us. We have assumed that approvals for the proposal have been or will be obtained.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
31. Warwick House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong  Together with Somerset House, are erected on the following:  Section Q and the Remaining Portion of Quarry Bay Marine Lot No. 1	The property comprises a 21-storey industrial/godown building completed in 1979.  A portion of the ground floor and the whole of the 1st floor provide a total of 97 car parking spaces. The remaining portion of the ground and upper floors provide godown and factory space.  The total gross floor area of the property is approximately 554,934 sq.ft. (51,554.63 sq.m.).  The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rents payable for the respective lots are as follows:	Except a portion of 15,744 sq.ft. (1,462.65 sq.m.) that is vacant, the property is subject to various tenancies with terms of mostly 3 years with the latest tenancy due to expire on 14 August 2017. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly basis.  The total monthly rent and licence income is approximately HK\$10,465,000.	HK\$2,257,000,000
	<b>Lot</b>	<b>Government rent per annum</b>	
	QBML No.1 s.Q QBML No.1 R.P.	HK\$68 HK\$1,190	

*Note:* The registered owner of the property is TaiKoo Place Holdings Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
32. The Upper House, Pacific Place, 88 Queensway, Hong Kong  71,914/100,000th shares of and in Inland Lot No. 8571	<p>Pacific Place is a comprehensive office, hotel/serviced apartments and commercial complex completed in phases. It comprises four towers for office, hotel and serviced apartments uses erected upon a common retail/car parking podium completed from 1988 to 1991.</p> <p>The Upper House comprises the upper floors (11 floors of guestrooms and other additional floors of hotel facilities) of a 50-storey tower within Phase I of the Pacific Place development with the J.W. Marriott Hotel occupying the lower floors. It was first completed in 1988.</p> <p>In 2009, the property was converted from serviced apartment units into a luxury hotel with a restaurant on the top floor.</p> <p>The total gross floor area of the property is approximately 158,738 sq.ft. (14,747.12 sq.m.) with a total of 117 rooms and suites.</p> <p>The property is held from the Government for a term of 75 years from 18 April 1985, renewable for a further term of 75 years. The current Government rent payable for Inland Lot No. 8571 is HK\$1,000 per annum.</p>	<p>The property is operated as a hotel.</p>	<p>HK\$2,350,000,000</p>

*Note:* The registered owner of the property is Pacific Place Holdings Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
<p>33. EAST, 29 Taikoo Shing Road, Taikoo Shing, Quarry Bay, Hong Kong</p> <p>Erected on the Remaining Portion of Section J, Sub-section 1 of Section A of Sub-section 2 of Section Q, the Remaining Portion of Section A of Sub-section 2 of Section Q, Section B of Sub-section 2 of Section Q, Section A of Sub-section 7 of Section Q, the Remaining Portion of Sub-section 7 of Section Q, the Remaining Portion of Section Q, Section A of Sub-section 1 of Section R and the Remaining Portion of Section R of Quarry Bay Marine Lot No. 2 and the Extension thereto</p>	<p>The property comprises a hotel providing a total of 345 rooms adjoining the existing commercial development Cityplaza in Taikoo Shing completed in 2009.</p> <p>The total gross floor area of the hotel is approximately 199,633 sq.ft. (18,546.36 sq.m.).</p> <p>The property is held from the Government for a term of 999 years from 18 April 1900. The current Government rent payable for the whole of Quarry Bay Marine Lot No. 2 and the Extension thereto is HK\$16,206 per annum.</p>	<p>The property is operated as a hotel.</p>	<p>HK\$1,260,000,000</p>

*Note:* The registered owners of the property are Swire Properties Limited and Quarry Bay Developments Limited. The ultimate beneficial owner is Cityplaza Holdings Limited.



## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
34. Novotel Citygate Hong Kong, Tung Chung, Lantau Island, New Territories	The property comprises a hotel providing a total of 440 rooms which forms part of Citygate North, part of the existing commercial development known as Citygate. The subject hotel was completed in 2005.	The property is operated as a hotel.	HK\$930,000,000  (20% interest attributable to the Company: HK\$186,000,000)
32,532/135,471st shares of and in Tung Chung Town Lot No. 2	The total gross floor area of the hotel is approximately 236,653 sq.ft. (21,985.597 sq.m.).  The property is held from the Government for a term from 27 September 1995 to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.		

*Note:* The registered owner of the property is Newfoundworld Site 2 (Hotel) Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 201
<p>35. Island Shangri-La Hong Kong, Pacific Place, 88 Queensway, Hong Kong</p> <p>27,798/175,000th shares of in Inland Lot No. 8582 and the Extension thereto</p>	<p>Pacific Place is a comprehensive office, hotel/serviced apartments and commercial complex completed in phases. It comprises four towers for office, hotel and serviced apartments uses erected upon a common retail/car parking podium completed from 1988 to 1991.</p> <p>Island Shangri-La Hong Kong comprises the levels 5 to 8 and levels 39 to 56 of the hotel/office tower within Phase II of the Pacific Place development with Two Pacific Place occupying the lower floors. It was completed in 1991.</p> <p>The total gross floor area of the property is approximately 605,728 sq.ft. (56,273.50 sq.m.) with a total of 565 hotel rooms.</p> <p>The property is held from the Government for a term from 27 May 1986 to 30 June 2047. The current Government rent payable for the lot is an amount equal to 3% of the rateable value for the time being of the lot per annum.</p>	<p>The property is operated as a hotel.</p>	<p>HK\$5,240,000,000</p> <p>(20% interest attributable to the Company: HK\$1,048,000,000)</p>

*Note:* The registered owner of the property is Shangri-La International Hotels (Pacific Place) Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
36. Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong  25,100/175,000th shares of and in Inland Lot No. 8582 and the Extension thereto	Pacific Place is a comprehensive office, hotel/serviced apartments and commercial complex completed in phases. It comprises four towers for office, hotel and serviced apartments uses erected upon a common retail/car parking podium completed from 1988 to 1991.  Conrad Hotel comprises levels 2-8 and levels 40-61 of the hotel/service apartments tower within Phase II of the Pacific Place development with the Pacific Place Apartments occupying the lower floors. It was completed in 1990.  The total gross floor area of the property is approximately 555,590 sq.ft. (51,615.60 sq.m.) with a total of 513 hotel rooms.  The property is held from the Government for a term from 27 May 1986 to 30 June 2047. The current Government rent payable for the lot is an amount equal to 3% of the rateable value for the time being of the lot per annum.	The property is operated as a hotel.	HK\$4,280,000,000  (20% interest attributable to the Company: HK\$856,000,000)

*Notes:*

- (1) The registered owner of the property is Greenroll Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
37. JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong  28,086/100,000th shares of and in Inland Lot No. 8571	Pacific Place is a comprehensive office, hotel/serviced apartments and commercial complex completed in phases. It comprises four towers for office, hotel and serviced apartments uses erected upon a common retail/car parking podium completed from 1988 to 1991.  JW Marriott Hotel comprises the lower floors (27 floors of guestrooms and other additional floor of hotel facilities) of a 50-storey tower within Phase I of the Pacific Place development with The Upper House occupying the upper floors. It was completed in 1988.  The total gross floor area of the property is approximately 525,904 sq.ft. (48,857.67 sq.m.) with a total of 602 hotel rooms.  The property is held from the Government for a term of 75 years from 18 April 1985 renewable for a further term of 75 years. The current Government rent payable for Inland Lot No. 8571 is HK\$1,000 per annum.	The property is operated as a hotel.	HK\$4,200,000,000  (20% interest attributable to the Company: HK\$840,000,000)

*Notes:*

- (1) The registered owner of the property is Queensway Hotel Limited.
- (2) The property is subject to a legal charge in favour of The Bank of Tokyo-Mitsubishi UFJ, Ltd. on its own behalf and as agent and trustee for the finance parties for all moneys.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
38. Yau Tong Marine Lot Nos. 5, 35, 36 and 37 and Section B of Yau Tong Marine Lot No. 22 and the Extension thereto, Yau Tong, Kowloon	<p>The property comprises 5 marine lots with a total registered site area of approximately 85,493 sq.ft. (7,942.49 sq.m.).</p> <p>The property is held from the Government for terms of 21 years commencing on 1 July 1958 renewed for a further term of 18 years. The lease term has been further statutorily extended to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is vacant.	<p>HK\$341,000,000</p> <p>(Interest attributable to the Company: HK\$125,700,000)</p> <p>(see Note (1))</p>

*Notes:*

- (1) The interest attributable to the Company comprises 20% of Yau Tong Marine Lot No. 5, Section B of Yau Tong Marine Lot No. 22 and Extension thereto, Yau Tong Marine Lot No. 36 and Yau Tong Marine Lot No. 37; and the whole of Yau Tong Marine Lot No. 35.
- (2) The registered owners of the property are Pure Jade Limited (Re: Y.T.M.L. 5, 22 s.B and Ext., 36 and 37) and Golden Core Properties Limited (Re: Y.T.M.L. 35).
- (3) The property is subject to two Agreements for Sale and Purchase in favour of Start Treasure Limited.
- (4) The property is subject to two Supplemental Agreements for Sale and Purchase in favour of Start Treasure Limited.
- (5) The property is subject to two Second Supplementary Agreements for Sale and Purchase in favour of Start Treasure Limited.
- (6) The property is subject to two Third Supplementary Agreements for Sale and Purchase in favour of Start Treasure Limited.
- (7) The property falls within Kowloon Planning Area No. 15 and is currently zoned as "Comprehensive Development Area" ("CDA") under Cha Kwo Ling, Yau Tong and Lei Yue Mun Outline Zoning Planning No. S/K15/19 dated 31 May 2011.
- (8) The Government Lease of the property restricted the uses of the property for shipbuilding and/or sawmill and timberyard purposes with a building height restriction of 100 feet above the Hong Kong Principal Datum.
- (9) We have valued the property by taking into account the benefit of the zoning as "Comprehensive Development Area" (CDA), with due allowance for any costs and premium necessary for the development permissible under town planning provision.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
39. The Group's development right and right to all receivables arising out of 4-6 Tsing Tim Street, Tsing Yi, New Territories	<p>The property comprises five buildings, namely Building A, Block A, Block B, Block C and Block D. 12 private car parking spaces are provided on the ground floor of Block D.</p> <p>Building A is a 2-storey godown building completed in 1982.</p>	<p>Except a portion of 88,279 sq.ft. (8,201.32 sq.m.) that is vacant, the property is subject to various tenancies with terms of 1 to 4 years with the latest tenancy due to expire on 31 May 2014. The rents are inclusive of rates and management fees and the car parking spaces are licensed on monthly basis.</p>	HK\$197,400,000
Sub-section 1 of Section A of Tsing Yi Town Lot No. 48 and the Extension thereto	<p>Block A is a single-storey dangerous goods store completed in 1988.</p> <p>Blocks B and C are two 5-storey inter-connected factory buildings completed in 1988.</p> <p>Block D is a 6-storey factory/warehouse building completed in 1990.</p> <p>The total gross floor area of the property is approximately 246,657 sq.ft. (22,914.99 sq.m.), exclusive of the area of the parking spaces.</p> <p>The property is held from the Government under New Grant No. 4504 for a term of 99 years less the last 3 days from 1 July 1898 which has been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>The total monthly rent and licence income is approximately HK\$660,000.</p>	

*Notes:*

- (1) The registered owner of the property is Swire Pacific Limited.
- (2) The property is subject to two Modification Letters (Re: T.Y.T.L. 48 and T.Y.T.L. 48 s.A ss.1 respectively) registered vide Memorial Nos. TW117098, TW136608, TW136609 and TW224394 respectively.
- (3) The property is subject to an Extension Letter registered vide Memorial No. TW268174.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
40. 8-12 Tsing Tim Street, Tsing Yi, New Territories  Tsing Yi Town Lot No. 97	<p>The property comprises a 6-storey godown building completed in 1988. 8 private car parking spaces are provided on the ground floor.</p> <p>The total gross floor area of the property is approximately 230,734 sq.ft. (21,435.71 sq.m.), exclusive of the car parking spaces and a roof area of approximately 639 sq.ft. (59.36 sq.m.).</p> <p>The property is held from the Government for a term of 99 years less the last 3 days from 1 July 1898 which has been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>The property is let for a term of 3 years commencing on 1 May 2011 and expiring on 30 April 2014 at a monthly rent of HK\$1,600,000, exclusive of rates and management fees.</p>	HK\$210,000,000

*Note:* The registered owner of the property is Chun Kwong Group Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011												
41. 8 Queen's Road East, Wanchai, Hong Kong  Inland Lot Nos. 5250, 7948 and 7950	<p>The property comprises a 19-storey commercial building completed in 1968.</p> <p>The gross floor area of the property is approximately 81,346 sq.ft. (7,557.27 sq.m.). The property is undergoing a major refurbishment with substantial completion scheduled in late 2012.</p> <p>The property is held under the following instruments:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Lot No.</th> <th style="text-align: left;">Instrument</th> <th style="text-align: left;">Term</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">I.L. 5250</td> <td style="vertical-align: top;">Government Lease</td> <td style="vertical-align: top;">75 years from 21 May 1939 renewable for a term of 75 years</td> </tr> <tr> <td style="vertical-align: top;">I.L. 7948</td> <td style="vertical-align: top;">Conditions of Exchange No. UB8125</td> <td style="vertical-align: top;">75 years from 2 May 1963 renewable for a further term of 75 years</td> </tr> <tr> <td style="vertical-align: top;">I.L. 7950</td> <td style="vertical-align: top;">Conditions of Exchange No. UB8210</td> <td style="vertical-align: top;">75 years from 6 May 1953 renewable for a further term of 75 years</td> </tr> </tbody> </table> <p>The current aggregate Government rent payable for the lots is HK\$174 per annum.</p>	Lot No.	Instrument	Term	I.L. 5250	Government Lease	75 years from 21 May 1939 renewable for a term of 75 years	I.L. 7948	Conditions of Exchange No. UB8125	75 years from 2 May 1963 renewable for a further term of 75 years	I.L. 7950	Conditions of Exchange No. UB8210	75 years from 6 May 1953 renewable for a further term of 75 years	Refurbishment is in progress.	HK\$810,000,000
Lot No.	Instrument	Term													
I.L. 5250	Government Lease	75 years from 21 May 1939 renewable for a term of 75 years													
I.L. 7948	Conditions of Exchange No. UB8125	75 years from 2 May 1963 renewable for a further term of 75 years													
I.L. 7950	Conditions of Exchange No. UB8210	75 years from 6 May 1953 renewable for a further term of 75 years													

*Note:* The registered owners of the property are Faxon Holdings Limited, Citiluck Development Limited, Ally Fair Limited and Daily Shine Development Limited.



## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
42. Major portion of Wing Fung Building, 8-10 Wing Fung Street, Wanchai, Hong Kong  484/490th shares of and in Sections F, G, H and I of Inland Lot No. 47	<p>The property comprises all of the commercial units on the ground floor and a majority of the residential units on the upper floors of a 16-storey composite building with its ground floor devoted to general retail purposes whilst the upper floors accommodate domestic units. The property was completed in 1981.</p> <p>The total saleable area of the property is approximately 15,180 sq.ft. (1,410.26 sq.m.).</p> <p>The property is held from the Government for a term of 999 years from 24 June 1853. The current Government rent payable for the lots is HK\$24 per annum.</p>	<p>Except a portion of 11,242 sq.ft. (1,044.41 sq.m.) that is vacant, the property is subject to various tenancies with terms of 2 years with the latest tenancy due to expire on 24 July 2013. The rents are exclusive of rates, management fees and other outgoings.</p> <p>The total monthly rent is approximately HK\$222,252.</p>	HK\$242,000,000

*Note:* The registered owner of the property is Sino Flagship Investments Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
43. Regal Court, 12-18 Wing Fung Street, Wanchai, Hong Kong  All the shares of and in Inland Lot No. 8464	The property comprises a composite building erected on a site with a site area of approximately 3,800 sq.ft. (353 sq.m.).  The property is held from the Government under a Conditions of Grant No. UB11723 for a term of 75 years from 15 June 1981. The current aggregate rent payable for the lot is HK\$1,000 per annum.	The property is partly let and subject to various tenancy with the latest terms due to expire 23 March 2013. The total monthly rent is approximately HK\$365,737, exclusive of rates, management fees and other outgoings.	HK\$356,000,000

*Notes:*

- (1) The registered owner of the property is Super Gear Investment Limited.
- (2) The property falls within "Residential (Group A)" zone on the Draft Wanchai Outline Zoning Plan No. S/H5/26 dated 24 September 2010. The property is also subject to an amendment of the rezoning of the subject property from "Residential (Group A)" zone to sub-area (b) of the "Commercial (6)" zone under Section 6F(8) of the Town Planning Ordinance in July 2011. In the course of our valuation, we have considered the proposed amendment and such impacts on the values of the property.
- (3) The use and development of the property are principally governed by Conditions of Grant No. UB11723. The whole of the documents should be noted, but the following conditions are of particular relevance:-

"The Grantee shall .... erect, construct and maintain on the lot not less than 50 residential flats and such offices and shops as may be approved by the Director....."

".... The lot or any part thereof or any building or buildings erected or to be erected thereon shall not be used for any purpose other than non-industrial (excluding godown) purpose."

In the course of our valuation, we have taken into account of such conditions.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
44. 1st Floor, 2nd Floor and the Podium Roof on 3rd Floor, Lok Moon Mansion, 29-31 Queen's Road East, Wanchai, Hong Kong	<p>The property comprises the whole commercial space on the 1st and 2nd floors and the podium roof on the 3rd floor of a 3-storey commercial podium, upon which a 27-storey residential tower was erected. The development was completed in 1988.</p> <p>The total saleable area of the commercial space on the 1st floor is approximately 8,964 sq.ft. (832.78 sq.m.).</p> <p>The total saleable area of the commercial space on the 2nd floor is approximately 9,970 sq.ft. (926.24 sq.m.). The total roof area on the 3rd floor is approximately 5,394 sq.ft. (501.11 sq.m.).</p> <p>The property is held from the Government for terms of 999 years from 1 September 1857 and 26 December 1860 for those sections of Inland Lot No. 526 and those sections of all other lots (other than Inland Lot No. 526) respectively. The current total Government rent payable for Inland Lot Nos. 3965 to 3969, the Remaining Portions of Inland Lot Nos. 222, 526, 3960, 3961, 3962 and 3963, Sub-sections 4 to 6 of Section A of Inland Lot No. 526, Section A and the Remaining Portion of Sub-section 1 of Section A of Inland Lot No. 526 is HK\$220 per annum.</p>	<p>The property is let to two tenants with the latest tenancy due to expire in July 2014. The rent is exclusive of rates, management fees and other outgoings.</p> <p>The total monthly rent is approximately HK\$647,150.</p>	HK\$213,900,000

*Note:* The registered owner of the property is Crossfield Investment Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
45. Shop A of Ground Floor, Shop A on 1st Floor and Basement of Tung Hey Building, 12-22 Queen's Road East, Wanchai, Hong Kong  25½/117th shares of and in the Remaining Portion of Sub-section 1 of Section A of Sub-section 1 of Section A of Marine Lot No. 65 and the Remaining Portion of Section A of Sub-section 1 of Section A of Marine Lot No. 65	The property comprises the basement, a shop unit on ground floor and another shop unit on the 1st floor of a 27-storey (including basement) building completed in 1977.  The total saleable area of the property is approximately 11,474 sq.ft. (1,065.96 sq.m.).  The property is held from the Government for a term of 999 years from 25 June 1863. The current Government rent payable for the subject lots is HK\$122 per annum.	The property is fully let and subject to two tenancies with terms of 4 years with the tenancy due to expire on 31 March 2013. The rents are exclusive of rates, management fees and other outgoings.  The total monthly rent is approximately HK\$332,800.	HK\$172,300,000

*Notes:*

- (1) The registered owners of the property are Crossfield Investment Limited (Unit A of Ground Floor and Basement), Shine Power Co., Ltd. (Unit A on 1st Floor).
- (2) The property is subject to a No Objection Letter from the Lands Department of the HKSAR Government (Re: Unit A on 1st floor).

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
46. Ground Floor, 1 Wing Fung Street, Wanchai, Hong Kong  1/6th shares of and in the Remaining Portion of Inland Lot No. 3964	The property comprises the ground floor a 5-storey building completed in 1962.  The total saleable area of the property is approximately 646 sq.ft. (60.01 sq.m.) with a yard of approximately 55 sq.ft. (5.11 sq.m.).  The property is held from the government for a term of 999 years from 26 December 1860. The current Government rent payable for IL3964 is HK\$14 per annum.	The property is let with a term of 3 years due to expire on 23 May 2012. The rents are exclusive of rates, management fee and other outgoings.  The total monthly rent is approximately HK\$44,800.	HK\$23,300,000

*Notes:*

- (1) The registered owner of the property is Achieve Praise Limited.
- (2) The property is subject to a No Objection Letter from the Lands Department of the HKSAR Government.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
47. Ground Floor and Cockloft of Low Block, Vincent Mansion, 7 Star Street, Wanchai, Hong Kong	The property comprises the ground floor and cockloft of a development which consists of the Low Block (7 Star Street) which is a 7-storey building and a High Block (14A-14B Electric Street) which is a 26-storey building block with its lower ground floor providing an access to the Low Block building completed in 1989.	The property is fully let and subject to a tenancy with a term of 4 years due to expire on 30 November 2012. The rent is exclusive of rates, management fee and other outgoings.	HK\$37,300,000
8/328th shares of and in Sub-section 2 of Section C, Sub-section 1 of Section F and the Remaining Portion of Section F of Inland Lot No. 2837	The saleable area of the ground floor and cockloft is approximately 949 sq.ft. (88.16 sq.m.) and 801 sq.ft. (74.41 sq.m.) respectively.  The property is held from the Government for a term of 75 years from 22 August 1928 renewed for 75 years. The current total Government rent for the subject lots is HK\$7,560 per annum.	The monthly rent is approximately HK\$94,900.	

*Notes:*

- (1) The registered owner of the property is Crossfield Investment Limited.
- (2) The property is subject to a No Objection Letter from the Lands Department of the HKSAR Government.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
48. Ground Floor, 3 Star Street, Signage Space on the top roof, 5 Star Street, Wanchai, Hong Kong  44/430th shares of and in Remaining Portion and Sub-section 1 of Section C of Inland Lot No. 2837	<p>The property comprises a shop unit with a backyard on the ground floor, an A/C platform on 1/F and a signage space on the top roof in a 29-storey composite building completed in 2010.</p> <p>The saleable area of the shop is approximately 1,056 sq.ft. (98.1 sq.m.) with a backyard of approximately 205 sq.ft. (19.04 sq.m.) and an A/C platform of approximately 24 sq.ft. (2.23 sq.m.).</p> <p>The property is held under Government Lease for a term of 75 years from 22 August 1928 renewed for a further term of 75 years. The total current Government rent payable for the lot sections is HK\$14,814 per annum.</p>	<p>The property is subject to a tenancy with a term of 3 years from 15 October 2010 with a total monthly rent of HK\$60,000 exclusive of rates and management fees.</p>	HK\$27,600,000

*Note:* The registered owner of the property is King Mark Finance Co., Ltd..

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
49. Shop No. 14A on Ground Floor, Hoi Kwong Court, Nos. 13/15 Hoi Kwong Street, Quarry Bay, Hong Kong  850/1,276th shares of and in 1,276/248,705th shares of and in the Remaining Portions of Sections A and B of Marine Lot No. 703	The property comprises a shop unit on the ground floor of two residential blocks completed in 1987.  The saleable area of the property is approximately 425 sq.ft. (39.48 sq.m.).  The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rent payable for the lot is HK\$516 per annum.	The property is subject to a tenancy for a term of 3 years from 25 September 2009 to 24 September 2012. The rent is exclusive of rates, management fee and other outgoings.  The total monthly rent is approximately HK\$41,800.	HK\$27,000,000

*Note:* The registered owner of the property is Prosperous Dynasty Limited.



## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
50. 14 units on Ground Floor, Sea View Building, 29-41 Tong Chong Street, 31-43 Hoi Wan Street, Quarry Bay, Hong Kong  4/40th shares of and in Sub-section 1 of Section C of Marine Lot No. 703; 1/10th share of and in Sub-section 2 of Section C of Marine Lot No. 703; 1/10th share of and in Sub-section 3 of Section C of Marine Lot No. 703; 1/10th share of and in Sub-section 4 of Section C and Sub-section 4 of Section D of Marine Lot No. 703; 1/10th share of and in Sub-section 5 of Section C and Sub-section 9 of Section D of Marine Lot No. 703; 1/10th share of and in Sub-section 2 of Section D of Marine Lot No. 703; 1/10th share of and in Sub-section 3 of Section D of Marine Lot No. 703; 1/10th share of and in Sub-section 5 of Section D of Marine Lot No. 703; 1/10th share of and in Sub-section 6 of Section D of Marine Lot No. 703; 1/10th share of and in Sub-section 7 of Section D of Marine Lot No. 703; and 1/10th share of and in Sub-section 8 of Section D of Marine Lot No. 703	<p>The property comprises 14 shop units on the ground floor of a 9-storey composite building completed in 1961.</p> <p>The total saleable area of the property is approximately 5,603 sq.ft. (520.53 sq.m.).</p> <p>The property is held from the Government for a term of 999 years from 2 February 1882. The current aggregate Government rent payable for the subject lots is HK\$628 per annum.</p>	<p>The property is fully let and subject to two tenancies with a term of 3 years with the latest tenancy due to expire on 31 July 2014. The rents are exclusive of rates, management fee and other outgoings.</p> <p>The total monthly rent is approximately HK\$368,330.</p>	HK\$200,000,000

*Note:* The registered owners of the property are Crossfield Investment Limited and Boomfit Company Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
51. Shops Nos. SLG3, SLG4, SLG5, SLG8, SLG9 and SLG10 on Sub Lower Ground Floor, Westlands Gardens, 1025-1037 King's Road, 2-10, 12A-12H Westlands Road, Quarry Bay, Hong Kong  49/6,952nd shares of and in the Remaining Portion of Quarry Bay Inland Lot No. 15	<p>The property comprises 6 shop units on the sub-lower ground floor of Westlands Gardens. It is a development having 6 residential blocks erected over a commercial and carpark podium completed in 1975.</p> <p>The total saleable area of the property is approximately 4,999 sq.ft. (464.42 sq.m.).</p> <p>The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rent payable for the lot is HK\$480 per annum.</p>	<p>The property is fully let and subject to three tenancies with the latest tenancy due to expire on 21 September 2015. The rents are exclusive of the rates, management fee and other outgoings.</p> <p>The total monthly rent is approximately HK\$375,473.</p>	HK\$190,000,000

*Notes:*

- (1) The registered owner of the property is Guangzhou Express Ltd.
- (2) The property is subject to three No Objection Letters from the Lands Department of the HKSAR Government.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011									
52. Units 2 and 3, Ground Floor, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong	<p>The property comprises 2 industrial units on the ground floor of a 26-storey building completed in 1989.</p> <p>The total gross floor area of the property is approximately 17,248 sq.ft. (1,602.38 sq.m.).</p>	<p>The property is fully let to a tenant with the tenancy due to expire in August 2016. The rent is exclusive of rates, management fees and other outgoings.</p>	HK\$127,000,000									
211/4,170th shares of and in Sub-section 1 of Section C of Quarry Bay Marine Lot No. 1 and Section B of Quarry Bay Marine Lot No. 2	<p>The property is held from the Government for a term of 999 years and the current Government rents payable for the subject lots are as follows:-</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Lot</th> <th style="text-align: center;">Lease Commencement Date</th> <th style="text-align: center;">Government rent per annum</th> </tr> </thead> <tbody> <tr> <td>QBML 1 s.C ss.1</td> <td style="text-align: center;">2/2/1882</td> <td style="text-align: center;">HK\$55</td> </tr> <tr> <td>QBML 2 s.B</td> <td style="text-align: center;">18/4/1900</td> <td style="text-align: center;">HK\$61</td> </tr> </tbody> </table>	Lot	Lease Commencement Date	Government rent per annum	QBML 1 s.C ss.1	2/2/1882	HK\$55	QBML 2 s.B	18/4/1900	HK\$61	<p>The total monthly rent is approximately HK\$436,240.</p>	
Lot	Lease Commencement Date	Government rent per annum										
QBML 1 s.C ss.1	2/2/1882	HK\$55										
QBML 2 s.B	18/4/1900	HK\$61										

*Notes:*

- (1) The registered owner of the property is China Ace Group Limited.
- (2) The property is subject to a No Objection Letter from the Lands Department of the HKSAR Government.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
53. 3 units on Ground Floor, Hoi Wan Building, 17, 19 and 21 Hoi Wan Street, Quarry Bay, Hong Kong	<p>The property comprises 3 units on the ground floor of a 9-storey composite building completed in 1962.</p> <p>The total saleable area of the property is approximately 1,382 sq.ft. (128.29 sq.m.).</p>	<p>The property is fully let and subject to a tenancy with a term of six years due to expire on 31 May 2015. The rent is exclusive of rates, management fees and other outgoings.</p> <p>The total monthly rent is approximately HK\$60,000.</p>	HK\$40,000,000
3/110th shares of and in the Remaining Portion of Section C and Sub-section 1 of Section D of Marine Lot No. 703	<p>The property is held from the Government for a term of 999 years from 2 February 1882. The current total Government rent payable for the subject lots is HK\$558 per annum.</p>		

*Note:* The registered owner of the property is Crossfield Investment Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
54. Shop No. B08 and Peacock Area on Ground Floor, 45 Tai Hong Street, Yat Sing Mansion, Yat Hong Mansion, Yat Wing Mansion, Yat Wah Mansion, Site B, Lei King Wan, Hong Kong  2/244th shares of and in 218/17,426th shares of and in 41/17,426th shares of and in Inland Lot No. 8673	<p>The property comprises a shop unit and a peacock area on ground floor of Lei King Wan. The property was completed in 1988.</p> <p>The property has a gross floor area of approximately 1,333 sq.ft. (123.84 sq.m.), excluding the area of Peacock area.</p> <p>The property is held from the Government under Conditions of Grant No. 11798 for a term of 75 years from 25 July 1975 renewable for a further term of 75 years. The current Government rent payable for the lot is HK\$1,000.</p>	<p>The property is being licensed to the management office. The license fee is exclusive of the rates, management fees and other outgoings.</p> <p>The total monthly license fee is approximately HK\$1.</p>	HK\$6,950,000

*Note:* The registered owner of the property is Braemar West Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
55. Shop 102 on the 1st Floor of Nam Fung Court, Harbour Heights, and an open area near Harbour Heights, Fook Yam Road, North Point, Hong Kong	<p>The property comprises a non-domestic unit on the 1st floor of Harbour Heights and an open site situated outside Harbour Heights. Harbour Heights comprises a total of 3 residential blocks completed in 1988.</p> <p>The gross floor area of the commercial unit is approximately 1,218 sq.ft. (113.15 sq.m.).</p> <p>The registered site area of the open land (M.L. 281 &amp; Ext. R.P. and M.L. 277 &amp; Ext. R.P.) is approximately 76,058 sq.ft. (7,065.96 sq.m.). About 29,064 sq.ft. (2,700.11 sq.m.) of which has been resumed by the government while about 38,642 sq.ft. (3,589.93 sq.m.) of which is currently occupied by the government on a temporary basis till December 2017.</p> <p>The property is held from the Government under 3 Leases and the details of the leases are as follows:-</p>	<p>The property is partly let with the latest tenancy due to expire in March 2012. The rents are exclusively of rates and management fees and other outgoings.</p> <p>The total monthly rent is approximately HK\$38,000.</p>	HK\$21,900,000
44/55,000th shares of and in Section C of Marine Lot No. 277, Section F of Marine Lot No. 277 and the Extension thereto, Section A of Marine Lot No. 281 and the Extension thereto and the Remaining Portion of Inland Lot No. 1395	<p><b>Lot</b></p> <p>M.L. 277 &amp; Ext. thereto and I.L. 1395</p> <p>M.L. 281 &amp; Ext. thereto</p>	<p><b>Lease Term</b></p> <p>999 years from 24 February 1896</p> <p>75 years from 31 August 1903 renewable for a further term of 75 years</p>	
The Remaining Portion of Marine Lot No. 281 and the Extension thereto and the Remaining Portion of Marine Lot No. 277 and the Extension thereto.	<p>The Government rents of the lots are as follows:-</p>	<p><b>Government rent per annum</b></p> <p>M.L. 277 s.C HK\$76</p> <p>M.L. 277 R.P. &amp; Ext. thereto HK\$244</p> <p>M.L. 281 HK\$6,120</p> <p>I.L. 1395 HK\$55</p>	

*Notes:*

- (1) The registered owner of the property is Cityplaza Holdings Limited (previously known as Taikoo Shing Developments Limited).
- (2) The open area (M.L. 281 & Ext. thereto R.P. and M.L. 277 R.P & Ext. thereto) is subject to the following conditions:-
  - (a) According to Memorial No. 2523621 dated 20 January 1984 Condition of Extension for M.L. 277 R.P. & Ext.
    - clause 7 stated that "... shall not be used for any purposes other than for the purpose of parking, loading and unloading of motor vehicles and water borne transport and open storage of goods";
    - clause 8 stated that "... shall not be used for any purposes other than for the uninterrupted passage of vehicular and pedestrian traffic";
    - clause 9 stated that "The area shall not be taken into account for the purpose of calculating plot ratio or site coverage permitted under the provisions of the Building Ordinance .... ";
    - clause 11 stated that "No structure other than boundary walls and fences shall be erected or constructed on or within the Area ...."
  - (b) According to Deed of Variation of Lease of M.L. 281 registered in the Land Registry Memorial No. 3908203 dated 1 December 1988, the conditions stated that the property is subject to Conditions of Extension of the Extension to Marine Lot No. 281.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
56. Inland Lot No. 8842, Pokfulam, Hong Kong	<p>The property comprises a vacant lot with a registered site area of approximately 23,649 sq.ft. (2,197 sq.m.).</p> <p>The property is held from the Government for a term commencing on 13 January 1993 and expiring on 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is currently vacant.	HK\$10,500,000  <i>(see Note (4))</i>

*Notes:*

- (1) The registered owner of the property is Dai Yee Assets Limited.
- (2) The property falls within Hong Kong Planning Area No. 10 and is currently zoned for "Government, Institution or Community" ("GIC") under the Approved Pok Fu Lam Outline Zoning Planning No. S/H10/15 dated 1 February 2005. According to the explanatory notes attached to the aforementioned plan, any new development in the "GIC" zone will require an application under section 16 of the Town Planning Ordinance for approval.
- (3) The Government Lease of the property restricts the uses of the property for kennels, quarantine kennels, animal pounds, stables, veterinary offices for the care of animals, aviaries, market gardening and flower shrub and tree growing subject to a maximum building height of one storey and a maximum roofed-over area of 30% of the area of the lot.
- (4) Our valuation represents the value of the site for uses as permitted under the Government Lease.

The Town Planning Board approved the proposal of apartments for the elderly with ancillary recreational, care and communal facilities on 14 May 2004 and its amendments on 4 March 2011. The proposed development is scheduled to provide a total gross floor area of approximately 283,448 sq.ft. (26,333 sq.m.) comprising 236,205 sq.ft. (21,944 sq.m.) domestic space and 47,243 sq.ft. (4,389 sq.m.) non-domestic space. The planning permission will remain valid until 14 May 2012.

As informed by the Group, an application for lease modification by way of surrender and regrant has been made but no firm time schedule can be set out as to the time of completion. As such, we have carried out our valuation on the basis of uses that are allowed under the existing Government Lease.

- (5) The property is subject to a Permission Letter with plan from District Land Officer/Hong Kong West and South dated 21 January 2011 and registered on 3 June 2011 vide Memorial No. 11060303460010.



## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
57. Woodgreen, Pui O, Lantau Island, New Territories  Lot Nos. 59, 61 and 259 in Demarcation District No. 335	<p>The property comprises a two and a half storeys detached house completed in 1975 with garden.</p> <p>The total gross floor area of the property is approximately 1,835 sq.ft. (170.48 sq.m.).</p> <p>The site area of the property is approximately 4,028 sq.ft. (374.21 sq.m.).</p> <p>The property is held from the Government for a term of 75 years from 1 July 1898 renewed for a further term of 24 years which have been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is owner-occupied.	HK\$9,400,000

*Note:* The registered owner of the property is Swire Properties Investments Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
58. Fairfield, Pui O, Lantau Island, New Territories  Lot Nos. 295 and 298 in Demarcation District No. 316	<p>The property comprises a two and a half storey detached house completed in 1977 with garden.</p> <p>The total gross floor area of the property is approximately 1,965 sq.ft. (182.55 sq.m.).</p> <p>The site area of the property is approximately 5,227 sq.ft. (485.60 sq.m.).</p> <p>The property is held from the Government for a term of 75 years from 1 July 1898 renewed for a further term of 24 years which has been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is owner-occupied.	HK\$8,800,000

*Note:* The registered owner of Lot No. 295 is Swire Properties Investments Limited and of Lot No. 298 is Boomfit Company Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
59. Wildslopes, San Shek Wan, Lantau Island, New Territories  Lot No. 665 in Demarcation District No. 329	<p>The property comprises a 1-storey detached house completed in 1971 with garden and swimming pool.</p> <p>The total gross floor area of the property is approximately 3,960 sq.ft. (367.89 sq.m.).</p> <p>The site area of the property is approximately 19,800 sq.ft. (1,839.46 sq.m.).</p> <p>The property is held from the Government for a term of 99 years less the last three days from 1 July 1898 which has been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is owner-occupied.	HK\$36,000,000

*Note:* The registered owner of the property is Swire Properties Investments Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
60. Swire Hostel, Pui O, Lantau Island, New Territories	The property comprises a 2-storey hostel completed in 1977 with garden and swimming pool.	The property is vacant.	HK\$12,500,000
Lot No. 279 in Demarcation District No. 335	<p>The total gross floor area of the property is approximately 8,089 sq.ft. (751.49 sq.m.).</p> <p>The site area of the property is approximately 31,528 sq.ft. (2,929.02 sq.m.).</p> <p>The property is held from the Government for a term of 50 years from 4 December 2009. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>		

*Note:* The registered owner of the property is Green Day Properties Limited.

## VALUATION CERTIFICATE

<b>Property interest</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 30 September 2011</b>
61. 37 San Shek Wan, Lantau Island, New Territories  Lot No. 661 in Demarcation District No. 329	<p>The property comprises a site with an area of approximately 9,112 sq.ft. (846.53 sq.m.) on which a house of 3,640 sq.ft. (338.19 sq.m.) is being built.</p> <p>The property is held from the Government for a term of 75 years from 1 July 1898 renewed for 24 years which has been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is vacant.	HK\$25,600,000

*Note:* The registered owner of the property is Ultra Shine Enterprises Ltd..

## VALUATION CERTIFICATE

## Group II — Property interests held by the Group for sale in Hong Kong

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
62. Various retail car parking spaces, Tung Chung Crescent, Tung Chung, Lantau Island, New Territories  975/263,293rd shares of and in Tung Chung Town Lot No. 1	The property comprises 75 retail car parking spaces of a 4-level commercial/car park podium upon which eight residential towers are erected. The development was completed in two phases between 1998 and 1999.  The property is held from the Government for a term from 16 August 1995 to 30 June 2047. The current Government rent for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The total monthly licence income is approximately HK\$35,600	HK\$14,250,000  (20% interest attributable to the Company: HK\$2,850,000)

*Note:* The registered owner of the property is Newfoundworld Site 1 (CP) Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
63. The Group's attributable interest in the commercial portions and 17 car parking spaces in Belair Monte, 3 Ma Sik Road, Fanling, New Territories  1,074/25,738th shares of and in Fanling Sheung Shui Town Lot No. 126	<p>The property comprises the entire commercial portion on Levels 1 and 2 of the podium and 17 covered car parking spaces on Level 1 of the podium of a private residential development comprising seven 30-storey residential blocks above a 3-storey car parking/commercial/recreational podium completed in 1998.</p> <p>The total gross floor area of the property is approximately 4,436.18 sq.m. (47,751 sq.ft.) excluding the floor area of the car parking spaces.</p> <p>Fanling Sheung Shui Town Lot No.126 is held from the Government under New Grant No. 12733 for a term commencing on 26 May 1994 and expiring on 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>The commercial portion of the property is mostly let and is subject to various tenancies for terms of 2 to 3 years with the latest tenancy due to expire in 30 April 2014. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are subject to monthly licences.</p> <p>The total monthly rent and licence income are approximately HK\$540,110.</p>	HK\$12,240,000

*Notes:*

- (1) The property interests lie in the following premises:-
- (a) Shops : Shops 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11 on Level 1 and the entire Level 2
- (b) Car Parking Spaces : Retail Carparking Space Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 and 17
- (2) The registered owner of the property is Direct Profit Development Limited, in which the Group holds an attributable 8% interest.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
64. The Group's right to payment of fees in respect of the unsold portion of Island Lodge, 180 Java Road, North Point, Hong Kong	Island Lodge comprises a 40-storey residential block with a total of 184 residential units erected on a 5-storey car park/club house podium. There are 7 shop units on the ground floor and 50 car parking spaces in the development. The occupation permit of the development was issued in December 2008.	The unsold shop units and car parking spaces are vacant.	HK\$24,560,000  (This represents the entitlement of the Group to the fees calculated according to the agreement with the registered owner.)
Inland Lot No. 7105	As at the date of valuation, all residential units have been sold and the unsold portion comprises 7 shop units with a total gross floor area of approximately 8,611 sq.ft (800.00 sq.m.) and 10 car parking spaces.  The property is held under Government Lease for a term of 75 years from 21 May 1954 renewable for 75 years. The current Government rent payable for the lot is HK\$1,640 per annum.		

*Note:* The registered owner of the property is Forever Vitality Limited, a subsidiary of China Motor Bus Company Limited.



## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
65. The unsold residential portion, 5 Star Street, Wanchai, Hong Kong  46/430th shares of and in the Remaining Portion and Sub-section 1 of Section C of Inland Lot No. 2837	<p>The property comprises 3 residential units on the 3rd, 27th and 28th floors in a 29-storey composite building completed in 2010.</p> <p>The total gross floor area of the property is approximately 2,028 sq.ft. (188.41 sq.m.).</p> <p>The property is held under Government Lease for a term of 75 years from 22 August 1928 renewable for a further term of 75 years. The total current Government rent payable for the lot section is HK\$14,814 per annum.</p>	The property is vacant.	HK\$43,000,000

*Note:* The registered owner of the property is King Mark Finance Co., Ltd..

## VALUATION CERTIFICATE

## Group III — Property interests held by the Group under development in Hong Kong

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011								
66. 28 Hennessy Road, Wanchai, Hong Kong	The property comprises a site with registered site area of 9,611 sq.ft. (892.86 sq.m.).	The property is under construction.	HK\$1,712,000,000								
Marine Lot No. 23, the Remaining Portion of Inland Lot No. 2244 and the Remaining Portion of Inland Lot No. 2245	<p>A high-rise commercial/office building is being constructed. Upon completion, the total gross floor area of the property will be approximately 145,390 sq.ft. (13,507 sq.m.). The development is estimated to be completed in 2012.</p> <p>The property is held from the Government under 3 Government Leases for a term of 999 years from 9 July 1844. The current Government rents payable for the lots are as follows:-</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Lot</th> <th style="text-align: left;">Government rent per annum</th> </tr> </thead> <tbody> <tr> <td>ML 23</td> <td>HK\$82</td> </tr> <tr> <td>IL 2244</td> <td>HK\$112</td> </tr> <tr> <td>IL 2245</td> <td>HK\$112</td> </tr> </tbody> </table>	Lot	Government rent per annum	ML 23	HK\$82	IL 2244	HK\$112	IL 2245	HK\$112		
Lot	Government rent per annum										
ML 23	HK\$82										
IL 2244	HK\$112										
IL 2245	HK\$112										

*Notes:*

- (1) The registered owner of the property is Boom View Holdings Limited.
- (2) The use and development of the property are principally governed by the Government Leases of Marine Lot No. 23, Inland Lot No. 2244 and Inland Lot No. 2245. The whole of the documents should be noted, but the following conditions are of particular relevance:-
 

“..... Executors, Administrators or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business whatever, without the previous licence of His said Majesty, His Heirs, Successors or Assigns, signified in writing by the governor of the said Colony of Hongkong or other person duly authorized in that behalf .....”
- (3) The property is subject to a Licence for Offensive Trade dated 23 June 2009 vide Memorial No. 09070300640187 for granting the owner of the property to carry out trade or business of sugar baker, oilman (excluding petrol filling station), butcher, victualler and tavern-keeper.
- (4) The property falls within the “Residential Group (A)” zone on the Draft Wan Chai Outline Zoning Plan No. S/H5/26 dated 24 September 2010. As stipulated in the relevant explanatory notes of the Outline Zoning Plan, the use of “Shop and Services” is always permitted on the lower three floors of a building. The uses of “Office” and “Hotel” are under Column 2 which may be permitted with or without conditions on application to the Town Planning Board.
- (5) The property is subject to an approval on Section 16 Application No. A/H5/372 by the Town Planning Board on 28 November 2008 for office use.

- (6) The property has been valued on the basis that it will be developed and completed in accordance with the Group's latest development proposal provided to us. We have assumed that approvals for the proposal have been or will be obtained.
- (7) As advised by the Group, the construction cost expended up to 30 September 2011 is about HK\$105,430,000. The total estimated construction cost is about HK\$526,270,000. We have taken into account such amount in our valuation.
- (8) The capital value of the property as if completed on 30 September 2011 is approximately HK\$2,444,000,000.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
67. AZURA, 2A Seymour Road, Mid-Levels West, Hong Kong	The property comprises a site with the registered site area of 22,957 sq.ft. (2,132.76 sq.m.) upon which a high rise residential building is proposed to be developed.	Superstructure works are in progress.	HK\$4,451,000,000  (87.5% interest attributable to the Company: HK\$3,894,625,000)
Section C, Section D, Section E, Section F, Section G, Section H, Section I, Section J, Sub-section 1 of Section L, Sub-section 2 of Section L, Sub-section 3 of Section L, the Remaining Portion of Section L and Section M of Inland Lot No. 577	Upon completion, the total gross floor area of the property will be approximately 206,306 sq.ft. (19,166.30 sq.m.). The development is estimated to be completed in 2012.  The property is held under various Sections and Subsections of Inland Lot No. 577 under a Government Lease from the Government for a term of 999 years from 1 May 1858. The current Government rent payable for the property is HK\$44.8 per annum.		

*Notes:*

- (1) The registered owner of the property is Island Delight Limited.
- (2) Part of the property, previously known as Nos. 4, 4A, 6 and 6A Castle Steps ("Castle Steps Portion") is subject to a Sealed Copy Order dated 8 May 2009 registered as Memorial No. 09051502640344. The said Order is concerned with an extension of the building covenant of the Castle Steps Portion from 11 July 2009 to 11 April 2013.
- (3) The property falls within the "Residential (Group A)" and "Residential (Group C)7" zones on the Approved Mid-Levels West Outline Zoning Plan No. S/H11/15 dated 19 March 2010.
- (4) The use and development of the property are principally governed by the Government Lease of Inland Lot No. 577. The whole of the documents should be noted, but the following conditions are of particular relevance:-  
  
"..... Executors, Administrators or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business whatever, without the previous licence of His said Majesty, His Heirs, Successors or Assigns, signified in writing by the governor of the said Colony of Hongkong or other person duly authorized in that behalf ....."
- (5) As at the date of valuation, there were 98 residential units pre-sold.
- (6) As advised by the Group, the construction cost expended up to 30 September 2011 is about HK\$379,800,000. The total estimated construction cost is about HK\$762,080,000. We have taken into account such amount in our valuation.
- (7) The capital value of the property as if completed on 30 September 2011 is approximately HK\$5,368,000,000.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
68. ARGENTA, 63 Seymour Road, Mid-Levels West, Hong Kong  Inland Lot No. 2300	The property comprises a site of 7,975 sq.ft. (740.90 sq.m.) upon which a high rise residential building is proposed to be developed.  Upon completion, the total gross floor area of the property will be approximately 75,805 sq.ft. (7,042.48 sq.m.). The development is estimated to be completed in 2013.  The property is held under a Government Lease for a term of 999 years from 1 September 1857. The current Government rent payable for the lot is HK\$17.07 per annum.	Superstructure works are in progress.	HK\$1,401,000,000

*Notes:*

- (1) The registered owner of the property is Fine Grace International Limited.
- (2) The property falls within the "Residential (Group A)" zone on the Approved Mid-Levels West Outline Zoning Plan No. S/H11/15 dated 19 March 2010.
- (3) The use and development of the property are principally governed by the Government Lease of Inland Lot No. 2300. The whole of the documents should be noted, but the following conditions are of particular relevance:-  
  
"..... Executors, Administrators or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business whatever, without the previous licence of His said Majesty, His Heirs, Successors or Assigns, signified in writing by the governor of the said Colony of Hongkong or other person duly authorized in that behalf ....."
- (4) As advised by the Group, the construction cost expended up to 30 September 2011 is about HK\$86,400,000. The total estimated construction cost is about HK\$419,000,000. We have taken into account such amount in our valuation.
- (5) The capital value of the property as if completed on 30 September 2011 is approximately HK\$2,095,000,000.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
69. 25A, 25B, 27, 27A, 27B, 29, 29A, 31, 33 and 35 Seymour Road, 14 and 16 Castle Road, Mid-Levels West, Hong Kong  The Remaining Portion of Sub-section 1 of Section B, the Remaining Portion of Section B, the Remaining Portion of Section C, the Remaining Portion of Section D and the Remaining Portion of Inland Lot No. 424, Sub-section A of Section 7, Sub-section B of Section 7, Sub-section C of Section 7 and Sub-section D of Section 7 of Inland Lot No. 425	The property comprises a site with the registered site area of 20,756 sq.ft. (1,928.28 sq.m.) upon which a high rise residential building is proposed to be developed.  Upon completion, the total gross floor area of the property will be approximately 165,792 sq.ft. (1,540.25 sq.m.). The development is estimated to be completed in 2014.  The property is held under various Subsections, Sections and Remaining Portions of Inland Lot Nos. 424 and 425. Inland Lot No. 424 is subject to the Government Lease dated 10 April 1895 for a term of 999 years from 28 May 1855; Inland Lot No. 425 is subject to the Government Lease dated 17 April 1895 for a term of 999 years commencing from 28 May 1855. The current total Government rent payable for the lots is HK\$162 per annum.	Demolition works are in progress for 31-35 Seymour Road while foundation works are in progress for the remaining portion of the property.	HK\$2,503,000,000

*Notes:*

- (1) The registered owner of the property is Excel Free Ltd.
- (2) The property falls within "Residential (Group A)" zone on the Approved Mid-Levels West Outline Zoning Plan No. S/H11/15 dated 19 March 2010.
- (3) The use and development of the property are principally governed by the Government Leases of Inland Lot Nos. 424 and 425 respectively. The whole of the documents should be noted, but the following conditions are of particular relevance:-  
  

"... Executors, Administrators or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business whatever, without the previous licence of His said Majesty, His Heirs, Successors or Assigns, signified in writing by the governor of the said Colony of Hongkong or other person duly authorized in that behalf ....."
- (4) As advised by the Group, the construction cost expended up to 30 September 2011 is about HK\$107,920,000. The total estimated construction cost is about HK\$797,860,000.
- (5) The capital value of the property as if completed on 30 September 2011 is approximately HK\$4,074,000,000.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
70. 1-9 and 2-10 Sai Wan Terrace, Quarry Bay, Hong Kong  Shau Kei Wan Inland Lot No. 761	The property comprises a site with the registered site area of 28,490 sq.ft. (2,646.79 sq.m.) for proposed multi-storey residential development.  Upon completion, the total gross floor area of the property will be approximately 151,944 sq.ft. (14,115.94 sq.m.). The development is estimated to be completed in 2013.  The property is held under Conditions of Exchange No. 10009 from the Government for a term of 75 years from 7 October 1907 renewed for a further term of 75 years. The current Government rent payable for the lot is HK\$16,108 per annum.	The substructure works are in progress.	HK\$1,694,000,000  (80% interest attributable to the Company: HK\$1,355,200,000)

*Notes:*

- (1) The registered owner of the property is Keen Well Holdings Limited.
- (2) The property falls within the “Green Belt” and “Residential Group (B)1” zones on the Approved Quarry Bay Outline Zoning Pan No. S/H21/28 dated 17 September 2010. According to the Explanatory Notes attached to the said Outline Zoning Plan, no new development or addition, alteration and/or modification to the existing building(s) shall result in a total development or redevelopment in excess of a maximum plot ratio of 5.8 and a maximum building height of 120 mPD, or the plot ratio and the height of the existing building(s), whichever is the greater.
- (3) The use and development of the property are principally governed by the Conditions of Exchange No. 10009. The whole of the Conditions should be read and the salient points are as follows:-  
  
Special Conditions:  
  
“(2)(a) The area shown coloured pink and pink hatched red shall not be used for any purpose other than non-industrial purpose only”  
  
“(2)(b) The area shown coloured pink hatched black shall not be used for any purpose other than garden purposes only, shall not be counted for coverage limitations, and no buildings shall be erected thereon.”  
  
“(9) No part of any structure to be erected on the Lot shall exceed a height of 300 feet above Colony Principal Datum.”
- (4) As advised by the Group, the construction cost expended up to 30 September 2011 is about HK\$97,800,000. The total estimated construction cost is about HK\$737,460,000. We have taken into account such amount in our valuation.
- (5) The capital value of the property as if completed on 30 September 2011 is approximately HK\$3,011,000,000.
- (6) As advised by the Group, the property is undergoing a lease modification with the Lands Department of the HKSAR Government to increase the permitted building height. Our valuation is based on the potential of the property and the development scheme as provided by the Group assuming a successful modification of the Conditions of Exchange.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
71. 92, 92A, 94, 96, 98, 100 and 102 Caine Road, 18, 18A, 20, 20A, 22 and 22A Castle Road, Mid-Levels West, Hong Kong  The Remaining Portion of Section 1, Section 2, Section 3, Section 4, Sub-Section 1 of Section 5, the Remaining Portion of Section 5 and the Remaining Portion of Inland Lot No. 425.	The property comprises a site with the registered site area of 21,726 sq.ft. (2,018.39 sq.m.).  A high rise residential building is proposed to be redeveloped. Upon completion, the total gross floor area of the property will be approximately 195,531 sq.ft. (18,165.27 sq.m.). The redevelopment is estimated to be completed in 2016.  The property is held under various Sections and Remaining Portions of Inland Lot No. 425. Inland Lot No. 425 is subject to the Government Lease dated 17 April 1895 for a term of 999 years commencing from 28 May 1855. The current total Government rent payable for the lot is HK\$41.5 per annum.	Foundation works are in progress.	HK\$2,503,000,000

*Notes:*

- (1) The registered owner of the property is Wonder Cruise Group Limited.
- (2) The property falls within "Residential (Group A)" zone on the Approved Mid-Levels West Outline Zoning Plan No. S/H11/15 dated 19 March 2010.
- (3) The use and development of the property are principally governed by the Government Lease of Inland Lot No. 425. The whole of the documents should be noted, but the following conditions are of particular relevance:-  
  
".... Executors, Administrators or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business whatever, without the previous licence of His said Majesty, His Heirs, Successors or Assigns, signified in writing by the governor of the said Colony of Hongkong or other person duly authorized in that behalf ...."
- (4) As advised by the Group, the construction cost expended up to 30 September 2011 is about HK\$39,880,000. The total estimated construction cost is about HK\$1,023,550,000.
- (5) The capital value of the property as if completed on 30 September 2011 is approximately HK\$4,726,000,000.



## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
72. 148 Argyle Street, Ho Man Tin, Kowloon	The property comprises a site with registered site area of 17,712 sq.ft. (1,645.47 sq.m.).  A multi-storey residential development is proposed to be developed. Upon completion, the total gross floor area of the property will be approximately 88,555 sq.ft. (8,226.96 sq.m.). The development is estimated to be completed in 2013.  The property is held from the Government under Conditions of Sale No. UB3555 for a term of 75 years renewed for another 75 years from 11 October 1933. The current Government rent payable for the lot is HK\$287,198 per annum.	Foundation works have been completed and superstructure works are about to proceed.	HK\$988,000,000  (50% interest attributable to the Company: HK\$494,000,000)

*Notes:*

- (1) The registered owner of the property is Sky Treasure Limited.
- (2) The property is subject to several documents all in favour of DBS Bank (Hong Kong) Limited. The details are as follows:

Date of Instrument	Document	Memorial No.
11 January 2010	Debenture	10020502080010
11 January 2010	Assignment of Rentals or Sale Proceeds	10020502080021
30 June 2010	Supplemental Agreement to Debenture	10072702190031
5 May 2011	Second Supplemental Deed to Debenture	11050602890103

- (3) The use and development of the property are principally governed by the Conditions of Sale No. UB3555, modification letters dated 3 January 1963 and 14 January 2010. The whole of these documents should be read and the salient points are shown as follows:-

The Modification Letter dated 3 January 1963 vide Memorial No. UB397139:

“(2) The said Section shall be used for private residential purposes only.”

The schedule of the Modification Letter dated 14 January 2010 vide Memorial No. 10011902100011:

“(11)(I)(b) The total gross floor area of any building or buildings erected or to be erected on the said Section shall not be less than 4,937 square metres and shall not exceed 8,227 square metres. For the avoidance of doubt, the Purchaser hereby agrees and accepts that there is no guarantee by the Government that the building or buildings erected or to be erected on the said Section or any part thereof can attain the maximum gross floor area of 8,227 square metres ....”

“(11)(I)(c) No part of any buildings or other structure erected or to be erected on the said Section together with any addition or fitting (if any) to such building or structure may exceed the aggregate height of 90 metres above the Hong Kong Principal Datum ....”

- (4) The property is currently zoned on the Draft Ho Man Tin Outline Zoning Plan No. S/K7/21 dated 12 August 2011 for “Residential Group (B)” purpose. As stipulated in the relevant explanatory notes of the Outline Zoning Plan, no new development, or addition, allocation and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment in excess of a maximum plot ratio of 5.0 and the maximum building height in terms of metres above Principal Datum as stipulated on the Plan, or the plot ratio and height of the existing building, whichever is the greater.
- (5) As advised by the Group, the construction cost has been expended up to 30 September 2011 is about HK\$15,776,000. The total estimated construction cost is about HK\$338,118,000. We have taken into account such amount in our valuation.
- (6) We have valued the property on the basis that it will be developed and completed in accordance with the Group’s latest development proposal provided to us. We have assumed that approvals for the proposal have been or will be obtained.
- (7) The capital value of the property as if completed on 30 September 2011 is approximately HK\$1,625,000,000.

## VALUATION CERTIFICATE

## Group IV — Property interests held by the Group for future development in Hong Kong

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
73. 8-10 Wong Chuk Hang Road, Aberdeen, Hong Kong  Aberdeen Inland Lot Nos. 338 and 339	<p>The property is a site comprising of 2 lots.</p> <p>The registered site area of Aberdeen Inland Lot No. 338 is approximately 13,000 sq.ft. (1,207.73 sq.m.) and that of Aberdeen Inland Lot No. 339 is approximately 12,500 sq.ft. (1,161.28 sq.m.).</p> <p>Aberdeen Inland Lot No. 338 is held from the Government for a term of 75 years renewable for 75 years from 13 October 1969. Aberdeen Inland Lot No. 339 is held from the Government for a term of 75 years renewable for 75 years from 25 May 1970. The Government rents payable for Aberdeen Inland Lot Nos. 338 and 339 are HK\$298 per annum and HK\$286 per annum respectively.</p>	<p>The property has been leased for 2 years from 1 September 2010 to 31 August 2012 at a monthly rent of HK\$104,000 inclusive of rates and government rent for the storage of construction materials.</p>	<p>HK\$546,000,000</p> <p>(50% interest attributable to the Company: HK\$273,000,000)</p>

*Notes:*

- (1) The registered owners of both Aberdeen Inland Lot No. 338 and of Aberdeen Inland Lot No. 339 are Hareton Limited, being a 50/50 joint venture between the Group and Heartwell Limited, a subsidiary of China Motor Bus Company Limited.
- (2) Aberdeen Lot No. 338 is subject to a Modification Letter vide Memorial No. UB7577543 and Aberdeen Inland Lot No. 339 is subject to Modification Letter vide Memorial No. UB7577544 both dated 18 September 1998.
- (3) The property falls within the “Other Specified Uses(1) (Business)” zone of the Approved Aberdeen and Ap Lei Chau Outline Zoning Plan No. S/H15/27 dated 20 May 2011. Development and redevelopment on sites in the said zone is subject to building height restrictions of 120 mPD.
- (4) According to the Conditions of Sale of Aberdeen Inland Lot Nos. 338 and 339, the 2 lots shall be used for industrial and/or godown purposes.
- (5) The estimated maximum gross floor area upon redevelopment having regard to the existing lease conditions of the property is approximately 382,500 sq.ft. (35,535.12 sq.m.)

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
74. Wah Yuen Building, 17-27 Tong Chong Street, Quarry Bay, Hong Kong  All the shares of and in Section I of Marine Lot No. 703	<p>The property comprises a composite building erected on a site with a site area of approximately 8,664 sq.ft. (804.91 sq.m.).</p> <p>According to the information provided by the Group, the Group is planning to redevelop the property into a multi-storey composite building with a total gross floor area of about 75,082 sq.ft. (6,975.29 sq.m.). The estimated completion date of the development is in 2014.</p> <p>The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rent payable for the lot is HK\$400 per annum.</p>	<p>The property is partly let and subject to various tenancies with the latest tenancy due to expire on 30 April 2012. The rents are exclusive of rates, management fee and other outgoings. The remaining portion of the property is vacant.</p> <p>The total monthly rent is approximately HK\$314,000.</p>	HK\$732,000,000

*Notes:*

- (1) The registered owner of the property is Novel Ray Limited.
- (2) The property falls within "Residential (Group A)" zone on the Quarry Bay Outline Zoning Plan No. S/H21/28 dated 17 September 2010.
- (3) The property has been valued on the basis that it will be developed and completed in accordance with the Group's latest development proposal to us. We have assumed that approvals for the proposal have been or will be obtained.

## VALUATION CERTIFICATE

## Group V — Other property interests held by the Group in Hong Kong

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
75. Landscaped areas near Stages II, III, IV, IXB and X, between Stages I and IXB, and the Linear Garden, Taikoo Shing, Quarry Bay, Hong Kong	The property comprises several parcels of land with a total site area of approximately 89,195 sq.ft. (8,286.42 sq.m.).  Shauiwan Marine Lot No. 1 is held from the Government for a term of 999 years from 5 August 1890.  Quarry Bay Marine Lot No. 2 and the Extension thereto is held from the Government for a term of 999 years from 18 April 1900.	The property is currently occupied as landscaped area, tennis court or badminton court.	No commercial value
The Remaining Portion of Shauiwan Marine Lot No. 1	Inland Lot No. 8759 is held from the Government for a term from 6 October 1994 to 30 June 2047		
Sub-section 7 of Section H, Sub-section 8 of Section H, Sub-section 1 of Section B of Sub-section 6 of Section H, the Remaining Portion of Sub-section 6 of Section H, Section C of Sub-section 6 of Section H, the Remaining Portion of Sub-section 2 of Section H, the Remaining Portion of Sub-section 3 of Section H, Section A of Sub-section 6 of Section H, The Remaining Portion of Sub-section 2, Sub-sections 5 and 6 of Section J, Sub-sections 12 and 17 of Section K, the Remaining Portion of Section P, Sub-sections 1 and 6 of Section Q, Section W and Section X of Quarry Bay Marine Lot No. 2 and the Extension thereto	The current Government rents for Shauiwan Marine Lot No. 1 and Quarry Bay Marine Lot No. 2 and the Extension thereto are HK\$440 and HK\$16,206 per annum respectively.  The current Government rent for Inland Lot No. 8759 is an amount equal to 3% of the rateable value per annum for the time being.		
Inland Lot No. 8759			

*Note:* The registered owners of the property are Aldrich Bay Developments Limited, Swire Properties Limited, Cityplaza Holdings Limited, Swire Pacific Limited, Quarry Bay Developments Limited and Cathay Limited. Some of the property is subject to various agreements for sale and purchase within the Group. For those parts of the property of which the registered owner is not Cityplaza Holdings Limited, Swire Sirius (Stage III) Limited and Cathay Limited, the ultimate beneficial owners of the property are Cityplaza Holdings Limited, Swire Sirius (Stage III) Limited and Cathay Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
76. Private Road in Taikoo Shing, Quarry Bay, Hong Kong  Sub-section 4 of Section J, the Remaining Portion of Section O, the Remaining Portion of Sub-section 7 of Section K, the Remaining Portion of Sub-section 1 of Section R, Sub-section 1 of Section K, the Remaining Portion of Sub-section 2 of Section Q, Sub-section 8 of Section K, Sub-section 2 of Section K, Sub-section 6 of Section K, portion of the Remaining Portion of Section K of Quarry Bay Marine Lot No. 2 and the Extension thereto	The property comprises a parcel of land with a site area of approximately 120,438 sq.ft. (11,189.00 sq.m.).  Quarry Bay Marine Lot No. 2 and the Extension thereto is held from the Government for a term of 999 years from 18 April 1900. The current Government rent for Quarry Bay Marine Lot No. 2 and the Extension thereto is HK\$16,206 per annum.	The property is currently occupied for private road use.	No commercial value

*Note:* The registered owners of the property are Aldrich Bay Developments Limited, Swire Pacific Limited and Swire Properties Limited. The property is subject to various agreements for sale and purchase within the Group, and the ultimate beneficial owners of the property are Cityplaza Holdings Limited and Swire Sirius (Stage III) Limited.

## VALUATION CERTIFICATE

<b>Property interest</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 30 September 2011</b>
77. Tong Chong Street, Quarry Bay, Hong Kong	The property comprises a parcel of land with a site area of approximately 17,352 sq.ft. (1,612.00 sq.m.).	The property is currently occupied for private road use.	No commercial value
The Remaining Portion of Marine Lot No. 703	Marine Lot No. 703 is held from the Government for a term of 999 years from 2 February 1882 and the current Government rent of the lot is HK\$728 per annum.		

*Note:* The registered owner of the property is TaiKoo Place Holdings Limited (formerly known as Parker Valley Estates Limited).



## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
78. Pan Hoi Street, Quarry Bay, Hong Kong	The property comprises a parcel of land with a site area of approximately 25,575 sq.ft. (2,375.98 sq.m.).	The property is currently occupied for road use.	No commercial value
Sub-section 2 of Section V, Sub-section 1 of Section V and Sub-section 1 of Section N of Quarry Bay Marine Lot No. 1	Quarry Bay Marine Lot No. 1 is held from the Government for a term of 999 years from 2 February 1882 and the current Government rent for the lot is HK\$2,186 per annum.		

*Note:* The registered owner of the property is TaiKoo Place Holdings Limited (formerly known as Parker Valley Estates Limited).

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
79. Westlands Road and Taikoo Shing Road (western part), Taikoo Shing, Quarry Bay, Hong Kong	The property comprises a parcel of land with a site area of approximately 55,445 sq.ft. (5,150.97 sq.m.).  Quarry Bay Marine Lot No. 1 is held from the Government for a term of 999 years from 2 February 1882 and Quarry Bay Inland Lot No. 15 is held from the Government for a term of 999 years from 2 February 1882. The current Government rents for Quarry Bay Marine Lot No. 1 and Quarry Bay Inland Lot No. 15 are HK\$2,186 and HK\$480 per annum respectively.	The property is currently occupied for road use.	No commercial value
The Remaining Portion of Section C and Sub-section 1 of Section R of Quarry Bay Marine Lot No. 1, Section G of Quarry Bay Inland Lot No. 15			

*Note:* The registered owners of the property are as follows:

The Remaining Portion of Section C of Quarry Bay Marine Lot No. 1: Swire Properties Ltd.

Sub-section 1 of Section R of Quarry Bay Marine Lot No. 1: TaiKoo Place Holdings Limited (formerly known as Parker Valley Estates Limited).

Section G of Quarry Bay Inland Lot No. 15: Westlands Estates Limited.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
80. Petrol Filling Station, 979 King's Road, Quarry Bay, Hong Kong	The property comprises a one-storey petrol filling station completed in 1993.	The property is leased for a term commencing from 3 February 1990 and expiring on 30 June 2047 and automatically renewable for further period or periods not exceeding the residue of the original term granted by the Government Lease.	No commercial value
Which together with Devon House and Cambridge House are erected on Sub-section 2 of Section E of Quarry Bay Marine Lot No. 1, Sub-section 1 of Section F of Quarry Bay Marine Lot No. 1, the Remaining Portion of Section F of Quarry Bay Marine Lot No. 1 and Section N of Marine Lot No. 703	The gross floor area of the property is approximately 5,322 sq.ft. (494.45 sq.m.). The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rents payable for the respective lots are as follows:		
	<b>Lot</b>	<b>Government rent per annum</b>	
	QBML No.1 s.E ss.2	HK\$40	
	QBML No.1 s.F ss.1	HK\$128	The rent is HK\$1 per annum exclusive of rates.
	QBML No.1 s.F R.P.	HK\$128	
	ML No. 703 s.N	HK\$164	

*Note:* The registered owner of the property is TaiKoo Place Holdings Limited.

## VALUATION CERTIFICATE

## Group VI — Property interests held by the Group for investment in the PRC

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011								
81. Village South, Sanlitun Village, Sanlitun, Chaoyang District, Beijing, the PRC	<p>The property comprises 11 retail blocks of 3 to 4 storeys upon a 2-level basement completed in September 2007. Basement level 1 is for retail use and basement level 2 provides car parking spaces.</p> <p>According to the Building Ownership Certificate, the property has a total gross floor area of 81,950.86 sq.m., with details as follows:-</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td style="text-align: right;">72,176.59</td> </tr> <tr> <td>Car park</td> <td style="text-align: right;"><u>9,774.27</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>81,950.86</u></td> </tr> </tbody> </table> <p>According to the information provided by the Company, the property is provided with 451 car parking spaces and an additional gross floor area of 8,513 sq.m. devoted to civil-defense area.</p> <p>The land use rights of the property have been granted for terms due to expire on 30 August 2044 for commercial use and due to expire on 30 August 2054 for basement car park use.</p>	Use	Gross Floor Area (sq.m.)	Retail	72,176.59	Car park	<u>9,774.27</u>	Total:	<u>81,950.86</u>	<p>The total lettable floor area of the property is 52,449 sq.m. As at the date of valuation, parts of the retail development with a total lettable floor area of 43,893 sq.m. were subject to various tenancies with the latest one due to expire on 25 August 2024 at a total monthly rent of approximately RMB21,300,000.</p> <p>The remainder of the property was vacant.</p>	<p>RMB4,470,000,000</p> <p>(80% interest attributable to the Company: RMB3,576,000,000)</p>
Use	Gross Floor Area (sq.m.)										
Retail	72,176.59										
Car park	<u>9,774.27</u>										
Total:	<u>81,950.86</u>										

*Notes:*

- (1) According to Building Ownership Certificate No. 540921 issued by Beijing City Chaoyang District Housing Administration Bureau on 1 February 2008, the building ownership of the property comprising a total gross floor area of 81,950.86 sq.m. has been vested in 北京三里屯南區物業管理有限公司 (Beijing Sanlitun South Property Management Company Limited) for commercial and basement car park uses.
- (2) According to State-owned Land Use Rights Certificate No. 0685 issued by Beijing Land Administrative Bureau, the land use rights of the property having a site area of 28,063.02 sq.m. have been vested in 北京三里屯南區物業管理有限公司 (Beijing Sanlitun South Property Management Company Limited) for land use terms due to expire on 30 August 2044 for commercial and underground commercial uses and due to expire on 30 August 2054 for basement car park use.

(3) According to Contract for Grant of Land Use Rights No. (2004) 813 entered into between the State Land Resources Bureau of Beijing and 北京國峰置業有限公司 (Beijing Guo Feng Real Estate Development Company Limited), an Independent Third Party, dated 31 August 2004 and its supplemental agreement dated 10 December 2005, the land use rights of the property have been contracted to be granted to 北京國峰置業有限公司 (Beijing Guo Feng Real Estate Development Company Limited) with details as follows:-

- (i) Location : A site in the south portion of Sanlitun, Beijing
- (ii) Site Area : 28,063.02 sq.m.
- (iii) Uses : Commercial, basement car park and basement commercial
- (iv) Total Gross Floor Area : 90,600 sq.m. (above ground area: 43,500 sq.m.; below ground area: 47,100 sq.m.)
- (v) Building Covenant : 31 March 2007

(4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-

- (i) The Group has obtained the State-owned Land Use Rights Certificate and Building Ownership Certificate of the property.
- (ii) The Group is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the property together with the residual term of its land use rights according to the PRC laws.
- (iii) As far as the PRC legal adviser is aware of, the property is free from and clear of encumbrances.

(5) According to the Company, the Company holds an 80% attributable interest in the property.

(6) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:-

Building Ownership Certificate	Yes
State-owned Land Use Rights Certificate	Yes
Contract for Grant of Land Use Rights	Yes

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011								
82. Village North, Sanlitun Village, Sanlitun, Chaoyang District, Beijing, the PRC	<p>The property comprises 7 blocks of 4-storey retail premises, basement and car parking facilities completed in 2007.</p> <p>According to the Building Ownership Certificate, the property has a total gross floor area of 65,061.19 sq.m., with details as follows:-</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>48,253.32</td> </tr> <tr> <td>Car park</td> <td><u>16,807.87</u></td> </tr> <tr> <td>Total:</td> <td><u>65,061.19</u></td> </tr> </tbody> </table> <p>According to the information provided by the Company, the property is provided with 410 car parking spaces.</p> <p>The land use rights of the property have been granted for terms due to expire on 30 August 2044 for commercial use and due to expire on 30 August 2054 for basement car park use.</p>	Use	Gross Floor Area (sq.m.)	Retail	48,253.32	Car park	<u>16,807.87</u>	Total:	<u>65,061.19</u>	<p>The total lettable floor area of the property is 34,134 sq.m. As at the date of valuation, parts of the retail development with a total lettable floor area of 28,367 sq.m. were subject to various tenancies with various terms at a total monthly rent of approximately RMB6,830,000.</p> <p>The remainder of the property was vacant.</p>	<p>RMB2,716,000,000</p> <p>(80% interest attributable to the Company: RMB2,172,800,000)</p>
Use	Gross Floor Area (sq.m.)										
Retail	48,253.32										
Car park	<u>16,807.87</u>										
Total:	<u>65,061.19</u>										

*Notes:*

- (1) According to Building Ownership Certificate No. 527584 issued by Beijing City Chaoyang District Housing Administration Bureau on 12 December 2007, the building ownership of the property comprising a total gross floor area of 65,061.19 sq.m. has been vested in 北京三里屯北區物業管理有限公司 (Beijing Sanlitun North Property Management Company Limited) for commercial and basement car park uses.
- (2) According to State-owned Land Use Rights Certificate No. (2009) 0118 issued by Beijing Land Administrative Bureau, the land use rights of the property having a site area of 19,408.59 sq.m. have been vested in 北京三里屯北區物業管理有限公司 (Beijing Sanlitun North Property Management Company Limited) for land use terms due to expire on 30 August 2044 for commercial and underground commercial uses and due to expire on 30 August 2054 for basement car park use.
- (3) According to Contract for Grant of Land Use Rights No. (2004) 812 entered into between the State Land Resources Bureau of Beijing and 北京國峰置業有限公司 (Beijing Guo Feng Real Estate Development Company Limited), an Independent Third Party, dated 31 August 2004 and its supplemental agreement dated 27 January 2006, the land use rights of the property have been contracted to be granted to 北京國峰置業有限公司 (Beijing Guo Feng Real Estate Development Company Limited) with details as follows:-
  - (i) Location : A site in the North Portion of Sanlitun, Beijing
  - (ii) Site Area : 24,551.09 sq.m.
  - (iii) Uses : Commercial, basement car park and basement commercial
  - (iv) Total Gross Floor Area : 84,182 sq.m. (above ground area: 40,682 sq.m.; below ground area: 43,500 sq.m.)
  - (v) Building Covenant : 31 March 2007

- (4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
- (i) The Group has obtained the State-owned Land Use Rights Certificate and Building Ownership Certificate of the property.
  - (ii) The Group is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the property together with the residual term of its land use rights according to the PRC laws.
  - (iii) As far as the PRC legal adviser is aware of, the property is free from and clear of encumbrances.
- (5) According to the Company, the Company holds an 80% attributable interest in the property.
- (6) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:-

Building Ownership Certificate	Yes
State-owned Land Use Rights Certificate	Yes
Contract for Grant of Land Use Rights	Yes

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011																		
83. Retail and Office portions, TaiKoo Hui, Tianhe East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>The property comprises the retail and office portions of a composite development known as TaiKoo Hui. These portions were completed in mid 2011. According to the information provided by the Company, the breakdown gross floor areas of the property are as follows:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Uses</th> <th style="text-align: right;">Proposed Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Retail (above ground)</td> <td style="text-align: right;">42,118</td> </tr> <tr> <td>Retail (below ground)</td> <td style="text-align: right;">95,818</td> </tr> <tr> <td>Office Tower I</td> <td style="text-align: right;">96,930</td> </tr> <tr> <td>Office Tower II</td> <td style="text-align: right;">63,180</td> </tr> <tr> <td>Cultural centre</td> <td style="text-align: right;">51,867</td> </tr> <tr> <td>Substation</td> <td style="text-align: right;">4,013</td> </tr> <tr> <td>Parking space (859 lots)</td> <td style="text-align: right;"><u>43,211</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>397,137</u></td> </tr> </tbody> </table> <p>The cultural centre and 141 car parking spaces will be handed over to the government without consideration after completion.</p> <p>The land use rights of the property have been granted for a term of 50 years from 25 December 2001 to 24 December 2051 for commercial, office and other uses (commercial services and public construction uses as stipulated in the Certificate).</p>	Uses	Proposed Gross Floor Area (sq.m.)	Retail (above ground)	42,118	Retail (below ground)	95,818	Office Tower I	96,930	Office Tower II	63,180	Cultural centre	51,867	Substation	4,013	Parking space (859 lots)	<u>43,211</u>	Total:	<u>397,137</u>	<p>As at the date of valuation, parts of the retail development with a total lettable floor area of 55,853 sq.m. were subject to various tenancies with the latest one due to expire in December 2019 at a total monthly rent of approximately RMB26,000,000.</p> <p>Parts of the office development with a total gross floor area of 119,563 sq.m. were subject to various tenancies with the latest one due to expire in April 2023 at a total monthly rent of approximately RMB9,500,000.</p> <p>The remainder of the property was vacant.</p>	<p>RMB8,933,000,000</p> <p style="text-align: center;">(97% interest attributable to the Company: RMB8,665,010,000)</p>
Uses	Proposed Gross Floor Area (sq.m.)																				
Retail (above ground)	42,118																				
Retail (below ground)	95,818																				
Office Tower I	96,930																				
Office Tower II	63,180																				
Cultural centre	51,867																				
Substation	4,013																				
Parking space (859 lots)	<u>43,211</u>																				
Total:	<u>397,137</u>																				

*Notes:*

- (1) According to State-owned Land Use Rights Certificate No. (2004) 10026 issued by 廣州市國土資源和房屋管理局 (Bureau of Land Resources and Housing Management of Guangzhou Municipality) on 3 November 2004, the land use rights of the property, comprising a site area of 45,720 sq.m., have been vested in 太古滙(廣州)發展有限公司 (TaiKoo Hui (Guangzhou) Development Company Limited) for a land use term of 50 years from 25 December 2001 to 24 December 2051 for commercial, office and other uses (commercial services and public construction uses as stipulated in the Certificate).
- (2) According to State-owned Land Use Rights Transfer Contract dated 1 April 2004 entered into between 廣州市大洋房地產開發公司 (Guangzhou Da Yang Real Estate Development Company) (now known as 廣州大洋實業投資有限公司 (Guangzhou Da Yang Properties Investment Company Limited)), a joint venture partner of the property, and 太古滙(廣州)發展有限公司 (TaiKoo Hui (Guangzhou) Development Company Limited), the land use rights of the property was transferred to 太古滙(廣州)發展有限公司 (TaiKoo Hui (Guangzhou) Development Company Limited).



- (3) According to the Supplemental Clauses to the State-owned Land Use Rights Transfer Contract dated 1 April 2004, 廣州市大洋房地產開發公司 (Guangzhou Da Yang Real Estate Development Company) (now known as 廣州大洋實業投資有限公司 (Guangzhou Da Yang Properties Investment Company Limited)) and 太古滙(廣州)發展有限公司 (TaiKoo Hui (Guangzhou) Development Company Limited) supplemented the Transfer Contract referred to in Note (2) above. The description of the property stated in the said Transfer Contract and Supplemental Clauses are as follows:-

(i) Location	:	A site on north of Tianhe Road, west of Tianhe Road, Tianhe District, Guangzhou
(ii) Site Area	:	48,954 sq.m.
(iii) Uses	:	Mixed-use
(iv) Total Gross Floor Area	:	447,483 sq.m.

According to the letter Sui Gui Han No. (2006) 8840 issued by Guangzhou Planning Bureau on 27 November 2006, the total permitted gross floor area has been adjusted to 457,584 sq.m.

- (4) According to Construction Land Planning Certificate No. (1998) 173 issued on 2 September 1998, the proposed construction land use of the property complies with the town planning requirements and permits construction on a land with a site area and a net site area of 48,954 sq.m. and 45,720 sq.m. respectively.

The site boundary for the net site area was adjusted due to a road widening scheme pursuant to the letter Sui Gui Han No. (2003) 4143 issued by Planning Bureau. The site area and the net site area were revised to 48,954 sq.m. and 43,980 sq.m. respectively pursuant to Sui Gui Pi No. (2005) 347 issued by Planning Bureau on 1 February 2005.

- (5) According to Planning Permit for Construction Works No. (2007) 4031 issued by Guangzhou Urban Planning Bureau on 5 September 2007, the construction works of 4 basement levels with a gross floor area of 169,031 sq.m. are in compliance with the construction works requirements and have been approved.

According to Planning Permit for Construction Works No. (2008) 3917 issued by Guangzhou Urban Planning Bureau on 6 November 2008, the construction works of 39 storeys above ground with a gross floor area of 288,757 sq.m. are in compliance with the construction works requirements and have been approved.

- (6) According to Commencement Permit for Construction Works No. 440101200711080201 issued by Guangzhou Construction Committee on 8 November 2007, the construction works of 4 basement levels with a gross floor area of 169,031 sq.m. are in compliance with the requirements for works commencement and have been permitted.

According to Commencement Permit for Construction Works No. 440101200901080101 issued by Guangzhou Construction Committee on 8 January 2009, the construction works of 39 storeys above ground with a gross floor area of 288,757 sq.m. are in compliance with the requirements for works commencement and have been permitted.

- (7) According to Letter of Fire Precaution Works Examination No. Sui Gong Xiao Yan (2011)0105 dated 27 January 2011, the fire precaution works of parts of the retail area and car park area with a total gross floor area of 168,551.1 sq.m. were completed.

According to Letter of Fire Precaution Works Examination No. Sui Gong Xiao Yan (2011)0710 dated 26 July 2011, the fire precaution works of parts of Office Tower II and lower ground with a total gross floor area of 65,422 sq.m. were completed.

According to Letter of Fire Precaution Works Examination No. Sui Gong Xiao Yan (2011)0711 dated 26 July 2011, the fire precaution works of parts of Office Tower I and lower ground with a total gross floor area of 97,197 sq.m. were completed.

According to Letter of Completion Examination of Civil Construction Works No. Sui Min Fang Jian (2011)349 dated 29 June 2011, the civil construction works of lower ground level 4 with a total gross floor area of 15,602 sq.m. were completed.

According to Certificate of Construction Works Completion Examination No. Sui Gui Yan Zheng No. (2011)756 dated 11 August 2011, the construction works of parts of the retail area and parts of Office Tower I with a total gross floor area of 99,721 sq.m. were completed.

According to Certificate of Construction Works Completion Examination No. Sui Gui Yan Zheng No. (2011)757 dated 11 August 2011, the construction works of parts of the retail area and parts of Office Tower II with a total gross floor area of 65,912 sq.m. were completed.

According to Letter of Examination of Construction Works No. Sui Jian Zhi Yan (2011)068 dated 17 October 2011, the construction works of parts of the retail area and parts of Office Towers I and II with a total gross floor area of 165,633 sq.m. were completed.

- (8) According to the information provided by the Company, the outstanding construction cost to pay as at 30 September 2011 was RMB804,740,000. In the course of our valuation, we have allowed for such cost.
- (9) According to the Company, the Company holds a 97% attributable interest in the property.
- (10) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
- (i) The Group has obtained the State-owned Land Use Rights Certificate and the requisite approvals in respect of the construction of the property.
  - (ii) The land grant fee of the property has been fully settled.
  - (iii) The Group is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the property together with the residual term of its land use rights according to the PRC laws.
  - (iv) As far as the PRC legal adviser is aware of, the property is free from and clear of encumbrances.
- (11) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:-

State-owned Land Use Rights Certificate	Yes
State-owned Land Use Rights Transfer Contract and Supplement	Yes
Red-line Drawing	Yes
A letter Sui Gui Han No. (2006) 8840 issued by Guangzhou Planning Bureau on 27 November 2006	Yes
Construction Land Planning Certificate	Yes
Planning Permit for Construction Works	Yes
Commencement Permit for Construction Works	Yes
Completion Certificate	Yes (part)

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
84. Part of Basement, the whole of Levels 1 to 3 and 100 car parking spaces, Beaumonde Retail Podium, 75 Tianhe East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>The property comprises 34 shops at part of basement and the whole of three above ground retail floors of a 4-storey retail podium together with 100 car parking spaces of a composite development completed in about 2008.</p> <p>The property has a total gross floor area of 8,439.91 sq.m. (excluding the car parking spaces of an area of 1,272 sq.m.).</p> <p>The land use rights of the development comprising the property have been granted for a term of 40 years commencing on 27 December 2004 for commercial use.</p>	<p>As at the date of valuation, parts of the property with a total gross floor area of 8,247.29 sq.m. were leased to various tenants with the latest term due to expire on 31 January 2016. The total monthly rent was approximately RMB1,420,000.</p> <p>The remainder of the property was vacant.</p>	RMB385,000,000

*Notes:*

- (1) According to 134 Certificates of Real Estate Ownership issued by 廣州市國土資源和房屋管理局 (Bureau of Land Resources and Housing Management of Guangzhou Municipality), the building ownership of 34 shops and 100 car parking spaces of the property is vested in 堡泉(廣州)物業管理有限公司 (Sunshine Melody (Guangzhou) Properties Management Limited), a wholly-owned subsidiary of the Company. The land use rights of the property have been granted for a term of 40 years commencing on 27 December 2004 for commercial use.
- (2) According to State-owned Land Use Rights Certificate No. (2004) 322 issued by the Bureau of Land Resources and Housing Management of Guangzhou Municipality on 28 December 2004, the land use rights of the property having a site area of 16,200 sq.m. have been vested in 廣州市海溢房地產發展有限公司 (Guangzhou Hai Yi Real Estate Development Co., Ltd.) for 40 years commencing on 27 December 2004 for commercial use.
- (3) As advised by the Company, 廣州市海溢房地產發展有限公司 (Guangzhou Hai Yi Real Estate Development Company Limited) is the developer of the property and the vendor which sold the property to 堡泉(廣州)物業管理有限公司 (Sunshine Melody (Guangzhou) Properties Management Limited). Apart from this, there has been no other relationship between 廣州市海溢房地產發展有限公司 (Guangzhou Hai Yi Real Estate Development Co., Ltd.) and 堡泉(廣州)物業管理有限公司 (Sunshine Melody (Guangzhou) Properties Management Limited) or the Company.
- (4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
  - (i) The Group has obtained the State-owned Land Use Rights Certificate and Certificate of Real Estate Ownership of the property.
  - (ii) The Group is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the property together with the residual term of its land use rights according to the PRC laws.
  - (iii) As far as the PRC legal adviser is aware of, the property is free from and clear of encumbrances.

- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:-

State-owned Land Use Rights Certificate	Yes
Certificate of Real Estate Ownership	Yes
Sale and Purchase Contract	Yes

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
85. 5th Floor, Longde Building, 377 Tianhe Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>The property comprises the whole of 5th floor of a composite building which consists of office, commercial and residential spaces completed in 2006.</p> <p>According to the Certificate of Real Estate Ownership, the property has a total gross floor area of 2,207.29 sq.m.</p> <p>The land use rights of the property have been granted for land use terms of 40 years for commercial, tourist and entertainment uses, 50 years for other uses and 70 years for residential use all commencing on 19 September 2002.</p>	As at the date of valuation, the property was leased to various tenants with the latest term due to expire on 31 December 2011. The total monthly rent was approximately RMB287,000.	RMB41,000,000

*Notes:*

- (1) According to Certificate of Real Estate Ownership No. C5004092 dated 6 March 2007 issued by 廣州市國土資源和房屋管理局 (Bureau of Land Resources and Housing Management of Guangzhou Municipality), the property with a gross floor area of approximately 2,207.2895 sq.m. is held by 堡泉(廣州)物業管理有限公司 (Sunshine Melody (Guangzhou) Properties Management Limited), a wholly-owned subsidiary of the Company.
- (2) According to State-owned Land Use Rights Certificate No. (2003) 398 issued by 廣州市國土資源和房屋管理局 (Bureau of Land Resources and Housing Management of Guangzhou Municipality) on 31 December 2003, the land use rights of Longde Building, including the property, comprising a site area of 3,646 sq.m., have been vested in 廣州市興雅房地產開發有限公司 (Guangzhou Xing Ya Real Estate Development Co., Ltd.), an Independent Third Party, for land use terms of 40 years for commercial, tourist and entertainment uses, 50 years for other uses and 70 years for residential use all commencing on 19 September 2002.
- (3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
  - (i) The Group has obtained the State-owned Land Use Rights Certificate and Certificate of Real Estate Ownership of the property.
  - (ii) The Group is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the property together with the residual term of its land use rights according to the PRC laws.
  - (iii) As far as the PRC legal adviser is aware of, the property is free from and clear of encumbrances.
- (4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:-

Certificate of Real Estate Ownership	Yes
State-owned Land Use Rights Certificate	Yes

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
86. Units A1-2503, A1-2602, A1-2802 and A1-3102, 83 Tianhe East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>The property comprises four residential units on levels 25, 26, 28 and 31 respectively of a 33-storey residential building completed in 2007.</p> <p>According to the Certificate of Real Estate Ownership, the property has a total gross floor area of 541.13 sq.m.</p> <p>The land use rights of the development comprising the property have been granted for a term of 70 years from 27 December 2004 to 26 December 2074 for residential use.</p>	<p>As at the date of valuation, parts of the property with a total gross floor area of 405.85 sq.m. were subject to various tenancies with the latest one due to expire on 14 January 2013 at a total monthly rent of approximately RMB39,000.</p> <p>The remainder of the property was vacant.</p>	RMB17,000,000

*Notes:*

- (1) According to 4 Certificates of Real Estate Ownership Nos. 0120089115, 0120089158, 0120089166 and 0120089167 registered on 15 January 2010, the property with a total gross floor area of 541.13 sq.m. for residential use is held by 堡泉(廣州)物業管理有限公司 (Sunshine Melody (Guangzhou) Properties Management Limited), a wholly-owned subsidiary of the Company.
- (2) According to four Sale and Purchase Contracts of Commodity Housing signed between 廣州市海溢房地產發展有限公司 (Guangzhou Hai Yi Real Estate Development Co., Ltd.) (the vendor), an Independent Third Party, and 堡泉(廣州)物業管理有限公司 (Sunshine Melody (Guangzhou) Properties Management Limited) (the purchaser) on 18 October 2006, the Group has purchased the property with a total gross floor area of 534.07 sq.m. at the total consideration of RMB7,404,667.
- (3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
  - (i) The Certificate of Real Estate Ownership and Sale and Purchase Contracts of Commodity Housing are legal, valid and binding to both parties according to the PRC laws.
  - (ii) The Group is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the property together with the residual term of its land use rights according to the PRC laws.
- (4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:-

Certificate of Real Estate Ownership	Yes
Sale and Purchase Contract of Commodity Housing	Yes

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011								
87. The Opposite House, 11 Sanlitun North Road, Chaoyang District, Beijing, the PRC	<p>The property comprises an 8-storey hotel (inclusive of 2 basements) with 99 guest rooms completed in 2007.</p> <p>According to the Building Ownership Certificate, the property has a total gross floor area of 17,874.69 sq.m., with details as follows:-</p> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Hotel (including commercial)</td> <td style="text-align: right;">15,743.51</td> </tr> <tr> <td>Car park</td> <td style="text-align: right;"><u>2,131.18</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>17,874.69</u></td> </tr> </tbody> </table> <p>According to the information provided by the Company, the property is provided with 32 car parking spaces.</p> <p>The land use rights of the property have been granted for terms due to expire on 30 August 2044 for commercial use and due to expire on 30 August 2054 for basement carpark use.</p>	Use	Gross Floor Area (sq.m.)	Hotel (including commercial)	15,743.51	Car park	<u>2,131.18</u>	Total:	<u>17,874.69</u>	As at the date of valuation, the property was operated by the Group as a hotel.	RMB580,000,000
Use	Gross Floor Area (sq.m.)										
Hotel (including commercial)	15,743.51										
Car park	<u>2,131.18</u>										
Total:	<u>17,874.69</u>										

*Notes:*

- (1) According to Building Ownership Certificate No. 527585 issued by Beijing City Chaoyang District Housing Administration Bureau on 12 December 2007, the building ownership of the property comprising a total gross floor area of 17,874.69 sq.m. has been vested in 北京三里屯酒店管理有限公司 (Beijing Sanlitun Hotel Management Company Limited), a wholly-owned subsidiary of the Company, for hotel, commercial and basement car park uses.
- (2) According to State-owned Land Use Rights Certificate No. (2004) 0684 issued by Beijing Land Administrative Bureau, the land use rights of the property having a site area of 5,142.50 sq.m. have been vested in 北京三里屯酒店管理有限公司 (Beijing Sanlitun Hotel Management Company Limited) for terms due to expire on 30 August 2044 for commercial and underground commercial uses and due to expire on 30 August 2054 for basement car park use.

- (3) According to Contract for Grant of Land Use Rights No. (2004) 812 entered into between the State Land Resources Bureau of Beijing and 北京國峰置業有限公司 (Beijing Guo Feng Real Estate Development company Limited), an Independent Third Party, dated 31 August 2004 and its supplemental agreement dated 27 January 2006, the land use rights of the property have been contracted to be granted to 北京國峰置業有限公司 (Beijing Guo Feng Real Estate Development company Limited) with details as follows:-

- (i) Location : A site in the north portion of Sanlitun, Beijing
- (ii) Site Area : 24,551.09 sq.m.
- (iii) Uses : Commercial, basement car park and basement commercial
- (iv) Total Gross Floor Area : 84,182 sq.m. (above ground area: 40,682 sq.m.; below ground area: 43,500 sq.m.)
- (v) Building Covenant : 31 March 2007

- (4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-

- (i) The Group has obtained the State-owned Land Use Rights Certificate and Building Ownership Certificate of the property.
- (ii) The Group is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the property together with the residual term of its land use rights according to the PRC laws.
- (iii) As far as the PRC legal adviser is aware of, the property is free from and clear of encumbrances.

- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:-

Building Ownership Certificate	Yes
State-owned Land Use Rights Certificate	Yes
Contract for Grant of Land Use Rights	Yes



## VALUATION CERTIFICATE

## Group VII — Property interests held by the Group under development in the PRC

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011								
88. Hotel and Serviced Apartment portions, TaiKoo Hui, Tianhe East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>The property, currently under construction, comprises the remaining parts of a planned composite development known as TaiKoo Hui. According to the information provided by the Company, the breakdown planned gross floor areas of the property are as follows:-</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Uses</th> <th style="text-align: right;">Proposed Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Serviced apartment</td> <td style="text-align: right;">4,905</td> </tr> <tr> <td>Hotel</td> <td style="text-align: right;"><u>54,648</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>59,553</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term of 50 years from 25 December 2001 to 24 December 2051 for commercial, office and other uses (commercial services and public construction uses as stipulated in the Certificate).</p>	Uses	Proposed Gross Floor Area (sq.m.)	Serviced apartment	4,905	Hotel	<u>54,648</u>	Total:	<u>59,553</u>	As at the date of valuation, the property was under construction and is scheduled to be completed in March 2012.	RMB702,000,000  (97% interest attributable to the Company: RMB680,940,000)
Uses	Proposed Gross Floor Area (sq.m.)										
Serviced apartment	4,905										
Hotel	<u>54,648</u>										
Total:	<u>59,553</u>										

*Notes:*

- (1) According to State-owned Land Use Rights Certificate No. (2004) 10026 issued by 廣州市國土資源和房屋管理局 (Bureau of Land Resources and Housing Management of Guangzhou Municipality) on 3 November 2004, the land use rights of the property, comprising a site area of 45,720 sq.m., have been vested in 太古滙(廣州)發展有限公司 (TaiKoo Hui (Guangzhou) Development Company Limited) for a land use term of 50 years from 25 December 2001 to 24 December 2051 for commercial, office and other uses (commercial services and public construction uses as stipulated in the Certificate).
- (2) According to State-owned Land Use Rights Transfer Contract dated 1 April 2004 entered into between 廣州市大洋房地產開發公司 (Guangzhou Da Yang Real Estate Development Company) (now known as 廣州大洋實業投資有限公司 (Guangzhou Da Yang Properties Investment Company Limited)), a joint venture partner of the property, and 太古滙(廣州)發展有限公司 (TaiKoo Hui (Guangzhou) Development Company Limited), the land use rights of the property was transferred to 太古滙(廣州)發展有限公司 (TaiKoo Hui (Guangzhou) Development Company Limited).
- (3) According to the Supplemental Clauses to the State-owned Land Use Rights Transfer Contract dated 1 April 2004, 廣州市大洋房地產開發公司 (Guangzhou Da Yang Real Estate Development Company) (now known as 廣州大洋實業投資有限公司 (Guangzhou Da Yang Properties Investment Company Limited)) and 太古滙(廣州)發展有限公司 (TaiKoo Hui (Guangzhou) Development Company Limited) supplemented the Transfer Contract referred to in Note (2) above. The description of the property stated in the said Transfer Contract and Supplemental Clauses are as follows:-
  - (i) Location : A site on north of Tianhe Road, west of Tianhe Road, Tianhe District, Guangzhou
  - (ii) Site Area : 48,954 sq.m.
  - (iii) Uses : Mixed-use
  - (iv) Total Gross Floor Area : 447,483 sq.m.

According to the letter Sui Gui Han No. (2006) 8840 issued by Guangzhou Planning Bureau on 27 November 2006, the total permitted gross floor area has been adjusted to 457,584 sq.m.

- (4) According to Construction Land Planning Certificate No. (1998) 173 issued on 2 September 1998, the proposed construction land use of the property complies with the town planning requirements and permits construction on a land with a site area and a net site area of 48,954 sq.m. and 45,720 sq.m. respectively.

The site boundary for the net site area was adjusted due to a road widening scheme pursuant to the letter Sui Gui Han No. (2003) 4143 issued by Planning Bureau. The site area and the net site area were revised to 48,954 sq.m. and 43,980 sq.m. respectively pursuant to Sui Gui Pi No. (2005) 347 issued by Planning Bureau on 1 February 2005.

- (5) According to Planning Permit for Construction Works No. (2007) 4031 issued by Guangzhou Urban Planning Bureau on 5 September 2007, the construction works of 4 basement levels with a gross floor area of 169,031 sq.m. are in compliance with the construction works requirements and have been approved.

According to Planning Permit for Construction Works No. (2008) 3917 issued by Guangzhou Urban Planning Bureau on 6 November 2008, the construction works of 39 storeys above ground with a gross floor area of 288,757 sq.m. are in compliance with the construction works requirements and have been approved.

- (6) According to Commencement Permit for Construction Works No. 440101200711080201 issued by Guangzhou Construction Committee on 8 November 2007, the construction works of 4 basement levels with a gross floor area of 169,031 sq.m. are in compliance with the requirements for works commencement and have been permitted.

According to Commencement Permit for Construction Works No. 440101200901080101 issued by Guangzhou Construction Committee on 8 January 2009, the construction works of 39 storeys above ground with a gross floor area of 288,757 sq.m. are in compliance with the requirements for works commencement and have been permitted.

- (7) According to the information provided by the Company, the expended construction cost as at 30 September 2011 was approximately RMB628,780,000. The estimated total construction cost was approximately RMB1,146,000,000. In the course of our valuation, we have included such costs.

- (8) The capital value when completed of the property as at 30 September 2011 was approximately RMB1,344,000,000.

- (9) According to the Company, the Company holds a 97% attributable interest in the property.

- (10) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-

(i) The Group has obtained the State-owned Land Use Rights Certificate and the requisite approvals in respect of the construction of the property.

(ii) The land grant fee of the property has been fully settled.

(iii) The Group is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the property together with the residual term of its land use rights according to the PRC laws.

(iv) As far as the PRC legal adviser is aware of, the property is free from and clear of encumbrances.

- (11) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:-

State-owned Land Use Rights Certificate	Yes
State-owned Land Use Rights Transfer Contract and Supplement	Yes
Red-line Drawing	Yes
A letter Sui Gui Han No. (2006) 8840 issued by Guangzhou Planning Bureau on 27 November 2006	Yes
Construction Land Planning Certificate	Yes
Planning Permit for Construction Works	Yes
Commencement Permit for Construction Works	Yes

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
89. A site at Tuo Fang Ying Cun to be developed as INDIGO, Chaoyang District, Beijing, the PRC	<p>The property comprises a parcel of land with a site area of 58,628.35 sq.m. (Please see Note (2) below).</p> <p>The property is planned to be developed into a composite development comprising a shopping mall, an office tower, a hotel and 1,245 car parking spaces.</p>	As at the date of valuation, the property was under construction and is scheduled to be completed in January 2012.	<p>RMB3,657,000,000</p> <p>(50% interest attributable to the Company: RMB1,828,500,000)</p>

According to the information provided by the Company, the breakdown of the proposed gross floor area of the property is as follows:

Uses	Proposed Gross Floor Area (sq.m.)
Retail (above ground)	68,449
Retail (below ground)	18,832
Office	55,320
Hotel	33,284
Car park	<u>96,573</u>
Total:	<u>272,458</u>

The land use rights of the property have been granted for terms of 40 years due to expire on 28 August 2044 for commercial and underground commercial uses and 50 years due to expire on 28 August 2054 for office, underground office and basement car park use.

*Notes:*

- (1) According to State-owned Land Use Rights Certificate No. (2007) 0529 issued by Beijing Land Resources Bureau, the land use rights of the property having a site area of 58,368.58 sq.m. have been vested in 北京麟聯置業有限公司 (Beijing Linlian Real Estate Company Limited), a jointly controlled company, for land use terms of 40 years due to expire on 28 August 2044 for commercial and underground commercial uses, and 50 years due to expire on 28 August 2054 for office, underground office and basement car park uses.
- (2) According to Planning Permit for Construction Land No. 2008 (0053), the proposed construction land use of the property complies with the town planning requirements and permission for construction of a total site area of 58,628.35 sq.m. has been granted to 北京麟聯置業有限公司 (Beijing Linlian Real Estate Company Limited).
- (3) According to Planning Permit for Construction Works No. 2008 (0178), the proposed construction works of INDIGO comply with the town planning requirements and the permitted total gross floor area is 306,462 sq.m.
- (4) According to Permit for Commencement of Works No. 2009 (0016), the proposed construction works of INDIGO comply with the construction works commencement conditions and the total permitted gross floor area is 306,462 sq.m. The permitted construction period is granted from 1 December 2008 to 16 November 2011.
- (5) According to the information provided by the Company, the expended construction cost as at 30 September 2011 was approximately RMB1,347,000,000. The estimated total construction cost was approximately RMB2,154,000,000. In the course of our valuation, we have included such costs.
- (6) The capital value when completed of the property as at 30 September 2011 was approximately RMB4,630,000,000.

- (7) According to Business Licence No. 110000003593238 dated 24 June 2009, 北京麟聯置業有限公司 (Beijing Linlian Real Estate Company Limited) was established on 1 February 2007 as a limited company with a registered capital of RMB400,000,000 for an operating period from 1 February 2007 to 31 January 2027.
- (8) According to the Company, the Company holds a 50% attributable interest in the property.
- (9) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
- (i) The Group has obtained the State-owned Land Use Rights Certificate of the property.
  - (ii) The Group is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the property together with the residual term of its land use rights according to the PRC laws.
  - (iii) The property is subject to a mortgage in favour of Bank of China, Chaoyang Branch and ICBC, Jiulongshan Branch.
  - (iv) As far as the PRC legal adviser is aware of, apart from the above mentioned mortgage, the property is free from and clear of encumbrances.
- (10) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:-

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Works	Yes
Business Licence	Yes

## VALUATION CERTIFICATE

## Group VIII — Property interests contracted to be acquired by the Group in the PRC

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011																						
90. A site at Dazhongli, Nanjing Road West, Jing'an District, Shanghai, the PRC	<p>The property comprises a piece of land with a site area of approximately 62,810.40 sq.m. (Please see Note (5) below).</p> <p>The property is planned to be developed into a composite development comprising a shopping mall, 2 office towers, 3 hotels (altogether to provide 557 guest rooms) and 1,217 car parking spaces and loading/unloading bays.</p> <p>The whole development is scheduled to be completed in phases between 2015 and 2016.</p> <p>According to the information provided by the Company, the breakdown of the proposed gross floor area of the property is as follows:</p> <table style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Uses</th> <th style="text-align: right;">Proposed Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Above ground</b></td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">67,226</td> </tr> <tr> <td>Office</td> <td style="text-align: right;">168,147</td> </tr> <tr> <td>Hotel</td> <td style="text-align: right;"><u>55,439</u></td> </tr> <tr> <td>Sub-total</td> <td style="text-align: right;">290,812</td> </tr> <tr> <td colspan="2"><b>Below ground</b></td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">31,503</td> </tr> <tr> <td>Car park</td> <td style="text-align: right;"><u>108,821</u></td> </tr> <tr> <td>Sub-total</td> <td style="text-align: right;"><u>140,324</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u><u>431,136</u></u></td> </tr> </tbody> </table>	Uses	Proposed Gross Floor Area (sq.m.)	<b>Above ground</b>		Retail	67,226	Office	168,147	Hotel	<u>55,439</u>	Sub-total	290,812	<b>Below ground</b>		Retail	31,503	Car park	<u>108,821</u>	Sub-total	<u>140,324</u>	Total:	<u><u>431,136</u></u>	<p>As at the date of valuation, the property was a site with resettlement and site clearance in progress.</p>	<p>No commercial value</p> <p>(Please see Note (2) below)</p>
Uses	Proposed Gross Floor Area (sq.m.)																								
<b>Above ground</b>																									
Retail	67,226																								
Office	168,147																								
Hotel	<u>55,439</u>																								
Sub-total	290,812																								
<b>Below ground</b>																									
Retail	31,503																								
Car park	<u>108,821</u>																								
Sub-total	<u>140,324</u>																								
Total:	<u><u>431,136</u></u>																								
	<p>The land use rights of a portion of the property with a site area of 7,788 sq.m. have been granted for a term from 31 December 2002 to 30 December 2052 for commercial and office uses.</p> <p>The land use rights of a portion of the property with a site area of 31,522 sq.m. have been granted for a term from 29 November 2002 to 28 November 2072 for residential use.</p> <p>The land use rights of the remaining portion of the property have been contracted to be granted for terms of 40 years for commercial use and 50 years for office use, both commencing on 30 December 2009.</p> <p>It has been agreed that the land use of the portion of the property originally granted for "Residential" to be converted into "Commercial, Office". The land use rights of the combined land are agreed to be modified for terms of 40 years for commercial use and 50 years for office use, both commencing on 30 December 2009 (see Note (5) below).</p>																								

*Notes:*

- (1) Only a portion of the property has been issued with Shanghai Certificate of Real Estate Ownership. According to the development scheme, the property is to be developed as a whole. Thus, no commercial value has been assigned to the property.
- (2) However, on the assumption that all Shanghai Certificates of Real Estate Ownership had been obtained, and all land premium and resettlement compensation and other costs necessary for immediate redevelopment had been fully paid, the capital value of the property as a vacant cleared site, subject to further assumptions below as at 30 September 2011 would be RMB10,407,000,000 (50% interest attributable to the Company: RMB5,203,500,000).
- (i) Upon obtaining each individual title certificate of the property, the grantees of the land use rights will be in possession of a proper legal title to the whole property and will be entitled to transfer the property with the residual terms of land use rights at no extra land premium or other onerous payment payable to the government;
- (ii) all land premium, demolition costs, costs of public utilities, ancillary infrastructure fees and compensation for resettlement of any original residents to make way for the proposed development have been fully settled;
- (iii) the design and construction of the proposed development are in compliance with the local planning regulations and have been approved by the relevant authorities; and
- (iv) the property may be freely disposed of to the purchasers at nil encumbrances.
- (3) According to Shanghai Certificate of Real Estate Ownership Hu Fang Di Jing Zi (2009) No. 001040 issued by Shanghai Housing and Land Resources Administration Bureau, the land use rights of a portion of the land with a site area of 7,788 sq.m. are vested in 沛豐(上海)房地產發展有限公司 (Pei Feng (Shanghai) Real Estate Development Company Limited), a jointly controlled company, for a term from 31 December 2002 to 30 December 2052 for commercial and office uses.

According to Shanghai Certificate of Real Estate Ownership Hu Fang Di Jing Zi (2009) No. 001041 issued by Shanghai Housing and Land Resources Administration Bureau, the land use rights of a portion of the land with a site area of 31,522 sq.m. are vested in 盈豐(上海)房地產發展有限公司 (Ying Feng (Shanghai) Real Estate Development Company Limited), a jointly controlled company, for a term from 29 November 2002 to 28 November 2072 for residential use.

- (4) The salient points of Shanghai Grant Contract for State-owned Land Use Rights Hu Fang Di Zi Jing (2002) Grant Contract No. 075 entered into between Shanghai Jing'an District Real Estate and Land Administration Bureau (the Grantor) and 衡創有限公司 (Perfect Landmark Limited) (the Grantee), a jointly controlled company, on 29 November 2002 as amended by its Supplement Hu Jing Fang Di (2005) Supplement Grant Contract No. 19 entered into between Shanghai Jing'an District Real Estate and Land Administration Bureau (the Grantor) and 冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited) (the new Grantee), a jointly controlled company, on 30 December 2005 are summarized below:-

- (i) Location : Shanghai Jing'an District Lot Nos. 46 and 40 Dazhongli north portion (the "North Portion")
- (ii) Site Area : 23,513 sq.m.
- (iii) Use : Commercial / Office
- (iv) Land Premium : Nil (according to the stipulation of Hu Jian Cheng No. (2001) 0068)
- (v) Land Use Term : 50 years

The salient points of Shanghai Grant Contract for State-owned Land Use Rights Hu Fang Di Zi Jing (2002) Grant Contract No. 076 entered into between Shanghai Jing'an District Real Estate and Land Administration Bureau (the Grantor) and 興洋投資有限公司 (Solar High-tech Company Limited) (the Grantee), a jointly controlled company, on 29 November 2002 as amended by its Supplement Hu Jing Fang Di (2005) Supplement Grant Contract No. 18 entered into between Shanghai Jing'an District Real Estate and Land Administration Bureau (the Grantor) and 盈豐(上海)房地產發展有限公司 (Ying Feng (Shanghai) Real Estate Development Company Limited) (the new Grantee) on 30 December 2005 are summarized below:-

- (i) Location : Shanghai Jing'an District Lot No. 40 Dazhongli south portion (the "South Portion")
- (ii) Site Area : 31,522 sq.m.
- (iii) Use : Residential
- (iv) Land Premium : Nil (according to the stipulation of Hu Jian Cheng No. (2001) 0068)
- (v) Land Use Term : 70 years

The salient points of Shanghai Grant Contract for State-owned Land Use Rights Hu Fang Di Zi Jing (2002) Grant Contract No. 096 entered into between Shanghai Jing'an District Real Estate and Land Administration Bureau (the Grantor) and 讚利有限公司 (Jumbo Profits Limited) (the Grantee), a jointly controlled company, on 31 December 2002 as amended by its Supplement Hu Jing Fang Di (2005) Supplement Grant Contract No. 20 entered into between Shanghai Jing'an District Real Estate and Land Administration Bureau (the Grantor) and 沛豐(上海)房地產發展有限公司 (Pei Feng (Shanghai) Real Estate Development Company Limited) (the new Grantee) on 30 December 2005 are summarized below:-

- (i) Location : Shanghai Jing'an District Lot No. 40 south-east corner (the "South-east Corner")
- (ii) Site Area : 7,788 sq.m.
- (iii) Use : Commercial / office
- (iv) Land Premium : Nil (according to the stipulation of Hu Jian Cheng No. (2001) 0068)
- (v) Land Use Term : 50 years

- (5) The salient points of the Supplement Shanghai Grant Contract for State-owned Land Use Rights Hu Jing Tu (2009) Supplement Grant Contract No. 5 entered into between Shanghai Jing'an District Real Estate and Land Administration Bureau (the "Grantor"), 冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited) (the "Grantee A"), 盈豐(上海)房地產發展有限公司 (Ying Feng (Shanghai) Real Estate Development Company Limited) (the "Grantee B") and 沛豐(上海)房地產發展有限公司 (Pei Feng (Shanghai) Real Estate Development Company Limited) (the "Grantee C") on 16 June 2009, in relation to the Shanghai Grant Contract for State-owned Land Use Rights and its supplements as mentioned in Note (3) above are summarized below:-

The Grantor has agreed to combine the North Portion, South Portion and South-east Corner into one piece of land (the "Combined Land"). The site area of the Combined Land is 62,810.40 sq.m. The investment ratios of the Combined Land of the Grantee A, the Grantee B and the Grantee C are 55.3% and 38.1% and 6.6% respectively.

The Grantor has agreed to change the land use of the South Portion from "Residential" to "Commercial, Office". The land use rights of the Combined Land are granted for terms of 40 years for commercial use and 50 years for office use, both commencing on 30 December 2009.

The permitted total gross floor area is 486,740 sq.m., in which the total above ground gross floor area is 291,200 sq.m. and below ground gross floor area is 195,540 sq.m. (in which 31,503 sq.m. for commercial).

The grantees should commence the construction before 31 January 2010 and complete the construction before 31 March 2018.

- (6) According to Construction Land Planning Permit No. (2009) EA31010620091017, the planning of the property with a total site area of 62,810.4 sq.m. is in compliance with urban planning requirement.
- (7) According to the information provided by the Company, the expended construction cost as at 30 September 2011 was RMB232,970,000. The estimated total construction cost was RMB6,116,000,000. In the course of our valuation, we have included such costs.
- (8) According to the Company, the Company holds a 50% attributable interest in the property.
- (9) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
- (i) The Grant Contract for State-owned Land Use Rights and Construction Land Planning Permit are valid, legal and enforceable under the PRC laws.
- (ii) There is no material legal impediment for the grantees to obtain the Certificate of Real Estate Ownership of the remaining portion of the property when the grantees have fulfilled the obligations under the Grant Contract for State-owned Land Use Rights, which include payment of the land use fee, land premium and the costs prescribed in the demolition and resettlement contract entered into between the PRC subsidiaries of the Group and the Jing'an District Government of Shanghai Municipality.
- (10) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:-

Shanghai Certificate of Real Estate Ownership	Yes (Portion of the land)
Shanghai Grant Contract for State-owned Land Use Rights	Yes
Construction Land Planning Permit	Yes
Red-line Drawing	Yes



## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011																										
91. A site at Daci Temple Area, No. 9 plot in Dongda Street, Jinjiang District, Chengdu, Sichuan Province, the PRC	<p>The property comprises two pieces of land with a total site area of 70,779.39 sq.m.</p> <p>The property is planned to be developed into a composite development comprising a shopping mall, an office tower, a serviced apartment building, a hotel and 1,591 car parking spaces.</p> <p>The whole development is scheduled to be completed in 2014.</p> <p>According to the information provided by the Company, the proposed gross floor area of the property is as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Uses</th> <th style="text-align: right;">Proposed Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Above ground</b></td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">61,375</td> </tr> <tr> <td>Office</td> <td style="text-align: right;">112,310</td> </tr> <tr> <td>Serviced apartment</td> <td style="text-align: right;">7,644</td> </tr> <tr> <td>Hotel</td> <td style="text-align: right;"><u>13,635</u></td> </tr> <tr> <td>Sub-total</td> <td style="text-align: right;">194,964</td> </tr> <tr> <td colspan="2"><b>Below ground</b></td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">57,701</td> </tr> <tr> <td>Office</td> <td style="text-align: right;">4,562</td> </tr> <tr> <td>Car park</td> <td style="text-align: right;"><u>116,865</u></td> </tr> <tr> <td>Sub-total</td> <td style="text-align: right;"><u>179,128</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u><u>374,092</u></u></td> </tr> </tbody> </table>	Uses	Proposed Gross Floor Area (sq.m.)	<b>Above ground</b>		Retail	61,375	Office	112,310	Serviced apartment	7,644	Hotel	<u>13,635</u>	Sub-total	194,964	<b>Below ground</b>		Retail	57,701	Office	4,562	Car park	<u>116,865</u>	Sub-total	<u>179,128</u>	Total:	<u><u>374,092</u></u>	As at the date of valuation, the property was a vacant land.	No commercial value  (Please see Note (2) below)
Uses	Proposed Gross Floor Area (sq.m.)																												
<b>Above ground</b>																													
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Total:	<u><u>374,092</u></u>																												
	As advised by the Company, the land use rights of the property have been agreed to be granted for 40 years for commercial use commencing on the handover date of the land.																												

*Notes:*

- (1) No commercial value has been assigned to the property because the State-owned Land Use Rights Certificate has not yet been obtained.
- (2) However, on the assumption that all State-owned Land Use Rights Certificates had been obtained, and all land premium and other costs necessary for immediate redevelopment had been fully paid, the capital value of the property as a vacant cleared site, subject to further assumptions below as at 30 September 2011 would be RMB2,404,000,000 (50% interest attributable to the Company: RMB1,202,000,000).
  - (i) Upon obtaining each individual title certificate of the property, the grantees of the land use rights will be in possession of a proper legal title to the whole property and will be entitled to transfer the property with the residual terms of land use rights at no extra land premium or other onerous payment payable to the government;

- (ii) all land premium, costs of public utilities and ancillary infrastructure fees have been fully settled;
  - (iii) the design and construction of the proposed development are in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - (iv) the property may be freely disposed of to the purchasers at nil encumbrances.
- (3) The salient points of Grant Contract for State-owned Land Use Rights No. 510100-2010-C-0043 (Jin) entered into between Chengdu Municipal Land Resources Administration Bureau (the “Grantor”) and 成都乾豪置業有限公司 (Chengdu Qianhao Real Estate Company Limited), a joint-venture between a jointly controlled company and an indirect wholly-owned subsidiary of a third party (“Party A”), and 成都銀港置業有限公司 (Chengdu Yin Gang Real Estate Company Limited), an indirect wholly-owned subsidiary of Party A (the “Grantees”), on 21 February 2011 are summarized below:-

- (i) Location : Daci Temple Zone and No. 9 Dongda Street, Jinjiang District
- (ii) Site Area : 70,779.39 sq.m.
- (iii) Use : Commercial, Public facilities and Commercial and Finance
- (iv) Land Premium : RMB2,002,880,000
- (v) Land Use Term : 40 years commencing on the handover date of the land

There are agreements between the Group and Party A such that each of them will be entitled to a 50% interest in the project.

- (4) According to Planning Permit for Construction Land No. 510104201120208, the proposed construction land use of part of the property complies with the town planning requirements and permission for construction of a total gross site area of 85,773.38 sq.m. (including a net site area of 57,147.88 sq.m.) has been granted to 成都乾豪置業有限公司 (Chengdu Qianhao Real Estate Company Limited) and 成都銀港置業有限公司 (Chengdu Yin Gang Real Estate Company Limited).

According to Planning Permit for Construction Land No. 510104201120235, the proposed construction land use of part of the property complies with the town planning requirements and permission for construction of a total gross site area of 21,777.69 sq.m. (including a net site area of 13,631.51 sq.m.) has been granted to 成都乾豪置業有限公司 (Chengdu Qianhao Real Estate Company Limited) and 成都銀港置業有限公司 (Chengdu Yin Gang Real Estate Company Limited).

- (5) According to the information provided by the Company, the expended construction cost as at 30 September 2011 was RMB21,000,000. The estimated total construction cost was RMB2,977,000,000. In the course of our valuation, we have included such costs.
- (6) We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser which contains, inter-alia, the following information:-
- (i) The Grant Contract for State-owned Land Use Rights is valid, legal and enforceable under the PRC laws.
  - (ii) There is no material legal impediment for the grantees to obtain the Certificate of Real Estate Ownership of the property when the grantees have fulfilled the obligations under the Grant Contract for State-owned Land Use Rights, which include payment of the land use fee and land premium.
- (7) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company are as follows:-

State-owned Land Use Rights Certificate	No
Grant Contract for State-owned Land Use Rights	Yes
Planning Permit for Construction Land	Yes

## VALUATION CERTIFICATE

## Group IX — Property interest held by the Group for resettlement purpose in the PRC

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
92. 75 residential units and 3 commercial units in Shanghai, the PRC	<p>The property comprises 75 residential units and 3 commercial units in Shanghai. The units were completed in between 1979 and 2008.</p> <p>The residential units and commercial units of property have a total gross floor area of 5,763.10 sq.m. and 154.47 sq.m. respectively.</p> <p>The land use rights of the property have been granted for various terms of 70 years for residential use and 40 years for commercial use.</p> <p>Please see Note (1) below for property details.</p>	As at the date of valuation, the property was vacant.	<p>RMB99,500,000</p> <p>(50% interest attributable to the Company: RMB49,750,000)</p> <p>(representing value for those units with title certificates)</p> <p>(Please see details in Note 2 below)</p>

## Notes:

- (1) The property comprises 75 residential units and 3 commercial units in Shanghai. 54 units of 3,869.47 sq.m. have title certificates and 24 units of 2,048.10 sq.m. do not have title certificates or are not under the ownership of the Group. The details are shown as follows:-

No.	Property	Title Certificate No.	Owner	Use	Gross Floor Area (sq.m.)	Land Use Term
1	碧江路401弄36號505室	2009076184	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	42.25	n/a
2	碧江路402弄13號604室	2009076177	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	42.96	n/a
3	碧江路402弄56號602室	2009076120	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	53.58	n/a
4	碧江路501弄150號604室	2009076128	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	42.45	n/a

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**PROPERTY VALUATION**

No.	Property	Title Certificate No.	Owner	Use	Gross Floor Area (sq.m.)	Land Use Term
5	豐江路128弄15號603室	2009020170	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	66.45	n/a
6	豐江路188弄17號504室	2010008779	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	63.20	n/a
7	豐江路188弄28號502室	2009032368	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	76.48	n/a
8	鳳慶路1061弄4號603室	2009075966	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	56.90	n/a
9	富聯路128弄62號601室	2009031983	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	58.07	From 22 May 2009 to 18 May 2074
10	富聯路128弄65號602室	2009058728	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	57.42	n/a
11	富聯路128弄81號602室	2009031993	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	38.04	From 23 May 2009 to 18 May 2074
12	富聯路128弄81號603室	2009031995	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	38.04	From 22 May 2009 to 18 May 2074
13	富聯路128弄82號202室	2009031998	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	38.62	From 22 May 2009 to 18 May 2074

**APPENDIX III**
**PROPERTY VALUATION**

No.	Property	Title Certificate No.	Owner	Use	Gross Floor Area (sq.m.)	Land Use Term
14	富聯路128弄82號302室	2009032000	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	38.62	From 23 May 2009 to 18 May 2074
15	富聯路128弄83號402室	2003032002	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	38.04	From 22 May 2009 to 18 May 2074
16	富聯路128弄83號502室	2009032006	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	38.04	From 23 May 2009 to 18 May 2074
17	富聯路128弄83號503室	2009032005	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	38.04	From 23 May 2009 to 18 May 2074
18	共和新路2999弄8號3001室	2008011806	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	121.25	From 18 March 2003 to 17 March 2073
19	共和新路2999弄8號3106室	2008011804	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	121.25	From 18 March 2003 to 17 March 2073
20.	共和新路2999弄8號3404室	2008011805	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	126.16	From 18 March 2003 to 17 March 2073
21	海防路538弄14號402室	2011001090	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	78.41	From 12 March 2002 to 11 March 2072
22	海防路538弄14號501室	2011001093	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	63.72	From 12 March 2002 to 11 March 2072

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**PROPERTY VALUATION**

No.	Property	Title Certificate No.	Owner	Use	Gross Floor Area (sq.m.)	Land Use Term
23	虹莘路1876弄13號501室	2009039734	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	47.77	n/a
24	滬太路3717弄65號502室	2009058729	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	51.74	n/a
25	華漕新村18號201室	2010016033	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	46.85	n/a
26	華漕新村18號302室	2010016038	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	67.39	n/a
27	華江路555弄137號102室	2009030841	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	86.68	From 18 December 1992 to 17 December 2062
28	江川路558弄69號504室	2009075975	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	49.08	n/a
29	江寧路373號G層A室/達安大廈	2008003855	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	102.61	n/a
30	景谷路135弄14號605室	2009082650	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	43.06	n/a
31	靖遠路621弄1號602室	2010008778	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	67.11	n/a

**APPENDIX III**
**PROPERTY VALUATION**

No.	Property	Title Certificate No.	Owner	Use	Gross Floor Area (sq.m.)	Land Use Term
32	聚豐園路95弄26號402室	2010015534	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	133.70	From 4 December 2009 to 1 September 2072
33	昆陽路620弄15號601室	2009039527	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	39.21	n/a
34	臨潭路518弄10號102室	2009029567	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	89.03	n/a
35	臨潭路518弄9號101室	2009029027	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	89.03	n/a
36	臨夏路999弄76號601室	2009016514	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	57.33	From 6 June 2003 to 5 June 2073
37	臨夏路999弄80號301室	2010006573	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	72.12	From 6 June 2003 to 5 June 2073
38	羅錦路258弄16號501室	2009038639	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	67.61	n/a
39	羅錦路258弄16號605室	2009038903	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	67.61	n/a
40	曲江路100弄39號604室	2009020163	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	58.76	n/a

**APPENDIX III**
**PROPERTY VALUATION**

No.	Property	Title Certificate No.	Owner	Use	Gross Floor Area (sq.m.)	Land Use Term
41	曲江路201弄18號601室 (原：江橋二村一街坊 18號601室)	2009020410	冠豐(上海)房地產發展 有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	72.30	n/a
42	石門一路333弄7號502室	2008004789	冠豐(上海)房地產發展 有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	76.80	From 19 July 2001 to 18 July 2071
43	石門一路333弄9號3605室	2008003545	冠豐(上海)房地產發展 有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	227.91	From 19 July 2001 to 18 July 2071
44	水泉路99弄14號203室	2009015916	冠豐(上海)房地產發展 有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	113.47	From 28 June 2004 to 27 June 2074
45	銅川路2655弄28號203室	2008016101	冠豐(上海)房地產發展 有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	125.41	n/a
46	新豐路518弄6號404室	2010000424	冠豐(上海)房地產發展 有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	96.65	From 12 March 2002 to 11 March 2072
47	新豐路518弄6號406室	2010000469	冠豐(上海)房地產發展 有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	59.94	From 12 March 2002 to 11 March 2072
48	新豐路518弄6號3301室	2011001922	冠豐(上海)房地產發展 有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	90.37	From 12 March 2002 to 11 March 2072
49	新閘路1528弄1號 1803室/靜安國際廣場	2008004010	冠豐(上海)房地產發展 有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	141.44	n/a



**APPENDIX III**
**PROPERTY VALUATION**

No.	Property	Title Certificate No.	Owner	Use	Gross Floor Area (sq.m.)	Land Use Term
50	延平路308弄1號302室	2010000797	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	32.78	n/a
51	銀都路3151弄67號103室	2010016139	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	56.84	n/a
52	余姚路402弄8號504室/靜安恬園	2008003087	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	108.16	n/a
53	真北路3725弄143號504室	2009022749	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	46.36	n/a
54	真北路3725弄143號604室	2009022770	冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	46.36	n/a
55	航華一村354號106室	n/a	Independent Third Party	Residential	52.08	From 18 November 1997 to 17 November 2067
56	航華一村334號204室	n/a	Independent Third Party	Residential	64.19	From 18 November 1997 to 17 November 2067
57	綠地新江橋城D1-4#幢702	No title certificate	n/a	Residential	76.47	n/a
58	綠地新江橋城D1-4#幢703	No title certificate	n/a	Residential	76.37	n/a
59	海防路538弄14號1102室	2009000200	Independent Third Party	Residential	78.41	70 years from 12 March 2002

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**PROPERTY VALUATION**

<b>No.</b>	<b>Property</b>	<b>Title Certificate No.</b>	<b>Owner</b>	<b>Use</b>	<b>Gross Floor Area (sq.m.)</b>	<b>Land Use Term</b>
60	海防路538弄15號302室	2009000200	Independent Third Party	Residential	103.73	70 years from 12 March 2002
61	白麗路99弄116號201室	2006040866	Independent Third Party	Residential	75.41	From 25 August 2003 to 24 August 2073
62	白麗路99弄129號601室	2006040987	Independent Third Party	Residential	94.28	From 25 August 2003 to 24 August 2073
63	白麗路99弄64號601室	2006040018	Independent Third Party	Residential	75.20	From 25 August 2003 to 24 August 2073
64	白麗路99弄71號603室	2006039987	Independent Third Party	Residential	78.01	From 25 August 2003 to 24 August 2073
65	白麗路99弄74號203室	2006040765	Independent Third Party	Residential	71.67	From 25 August 2003 to 24 August 2073
66	白麗路99弄74號301室	2006040762	Independent Third Party	Residential	71.40	From 25 August 2003 to 24 August 2073
67	白麗路99弄88號601室	2006040978	Independent Third Party	Residential	75.36	From 25 August 2003 to 24 August 2073
68	白麗路99弄91號301室	2006040016	Independent Third Party	Residential	84.76	From 25 August 2003 to 24 August 2073

**APPENDIX III**
**PROPERTY VALUATION**

No.	Property	Title Certificate No.	Owner	Use	Gross Floor Area (sq.m.)	Land Use Term
69	富聯路128弄66號501室	2005030074	Independent Third Party	Residential	62.42	From 15 July 2004 to 18 May 2074
70	富聯路128弄81號103室	2005030231	Independent Third Party	Residential	34.76	From 15 October 2004 to 18 May 2074
71	白麗路99弄153號601室	2006038573	Independent Third Party	Residential	94.45	From 25 August 2003 to 24 August 2073
72	真金路1250弄45號402室	2004021811	Independent Third Party	Residential	169.35	From 26 March 2004 to 27 October 2066
73	真金路1250弄55號602室	2008039389	Independent Third Party	Residential	151.77	From 26 March 2004 to 27 October 2066
74	真金路1250弄56號601室	2008039390	Independent Third Party	Residential	151.77	From 26 March 2004 to 27 October 2066
75	真金路1250弄57號601室	2004021811	Independent Third Party	Residential	151.77	From 26 March 2004 to 27 October 2066
76	奉賢路195號 101、102、103室店鋪	No title certificate	n/a	Commercial	154.47	n/a

- (2) In the course of our valuation, we have ascribed no commercial value to property nos. 55-76 (24 units of 2,048.10 sq.m.) as the Real Estate Ownership Certificates had not been obtained. Had the valid Real Estate Ownership Certificates been issued to the Group, the capital value of property nos. 55-76 as at 30 September 2011 of valuation would be RMB47,000,000 (50% interest attributable to the Company: RMB23,500,000).

- (3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
- (i) For property nos. 1-54 (a total of 54 residential units of total gross floor area 3,869.47 sq.m.), 冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited) has legally obtained the land use rights and the building ownership of the property.
  - (ii) 冠豐(上海)房地產發展有限公司(Guan Feng (Shanghai) Real Estate Development Company Limited) is in possession of a proper legal title to the property and is entitled to legally occupy, use, lease, transfer, mortgage and dispose of the property without further approval, permission or agreement from any government departments or organisations.
- (4) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:-

Real Estate Ownership Certificate

Yes (for property nos. 1-54 only)

## VALUATION CERTIFICATE

## Group X — Property interest held by the Group for investment in the United States

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
93. Mandarin Oriental Hotel, Miami, 500 Brickell Key Drive, Miami, Florida 33131, the United States	<p>The property comprises a 22-storey hotel building and a 6-storey office car parking building providing 600 parking spaces completed in about 2000 with major renovation works carried out in 2009 and continuing through July 2010.</p> <p>The property is erected on a site with an area of 120,233 sq.ft. (11,169.92 sq.m.). The hotel building has a total gross floor area of approximately 345,000 sq.ft. (32,051.28 sq.m.) providing a total of 326 guest rooms, food and beverage facilities, spa fitness facilities and function rooms. The 6-storey building contains office space and parking facilities.</p> <p>The property is held under a fee simple ownership.</p>	<p>The property is currently operated under a management agreement with Mandarin Oriental Hotel Group.</p>	<p>US\$128,000,000</p> <p>(75% interest attributable to the Company: US\$96,000,000)</p>

*Notes:*

- (1) The owner of the property is Swire Brickell Key Hotel, Ltd., a Florida limited partnership comprised of Swire General Hotel LLC (1%), Swire BK Hotel LLC (74%) and Mandarin Oriental Miami, Inc. (25%).
- (2) The property is zoned for high density mixed use, specifically including a hotel.

## VALUATION CERTIFICATE

## Group XI — Property interests held by the Group for sale in the United States

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 30 September 2011</u>
94. The unsold stock of Asia, 900 Brickell Key Drive, Miami, Florida 33131, the United States	<p>The property comprises 33 unsold condominium units of a 36-storey condominium building completed in about 2008.</p> <p>The property has a total building area of 75,626 sq.ft. (7,025.83 sq.m.).</p> <p>The property is held under a fee simple ownership.</p>	<p>18 units of 36,307 sq.ft. are currently let at a total monthly rent of US\$89,500.</p> <p>The remaining units are currently vacant.</p>	US\$39,600,000

*Notes:*

- (1) The owner of the property is Swire Pacific Holdings Asia LLC.
- (2) The property is zoned for high density mixed use, including residential condominiums.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
95. River Court, 300 SW 2nd Street, Fort Lauderdale, Broward County, Florida 33312, the United States	<p>The property comprises a 2-storey commercial building completed in about 1966.</p> <p>The property is erected on a site with an area of 21,750 sq.ft. (2,020.62 sq.m.). It has a total building area of 12,586 sq.ft. (1,169.27 sq.m.) providing office and retail spaces.</p> <p>The property is held under a fee simple ownership.</p>	<p>The property is currently leased at an occupancy rate of about 91.6% at a total annual rent of US\$260,354.</p>	US\$2,100,000

*Notes:*

- (1) The owner of the property is East Lauderdale Properties LLC.
- (2) The property is zoned in the historic preservation district.
- (3) The property is designated as a historical building.
- (4) The property is held in a partnership with 100% of the capital and 75% of defined profits attributable to the Company.

## VALUATION CERTIFICATE

## Group XII — Property interests held by the Group for future development in the United States

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
96. Fort Lauderdale Site, 200-300-520 W Broward Blvd, Fort Lauderdale, Broward County, Florida 33301-33312, the United States	<p>The property consists of 3 land parcels with a total area of 182,191 sq.ft. (16,925.96 sq.m.).</p> <p>The property is held under a fee simple ownership.</p>	The property is currently improved with parking areas and a small bank building pending future development.	US\$9,210,000

*Notes:*

- (1) The owner of the property is FTL/AD LTD, a Florida limited partnership.
- (2) The property is zoned in the Downtown Regional Activity Center-Transitional Mixed Use zoning district and the Western Mixed Use sub-district.
- (3) The property is held in a partnership with 100% of the capital and 75% of defined profits attributable to the Company.



## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
97. Mandarin Residences Site, Southern Point of Brickell Key, Miami, Florida 33131, the United States	The property comprises a site with an area of 105,372 sq.ft. (9,789.30 sq.m.).  The property is held under a fee simple ownership.	The property is currently a vacant site improved as a park pending future development.	US\$24,800,000

*Notes:*

- (1) The owner of the property is Swire Jadeco LLC.
- (2) The property is zoned for high density mixed use.

## VALUATION CERTIFICATE

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2011
98. Brickell CitiCentre Site, 601, 700 and 701 South Miami Avenue, 799 Brickell Plaza, Miami, Florida 33130-33131, the United States	<p>The property comprises three land parcels with a total area of 393,678 sq.ft. (36,573.58 sq.m.). This includes 149,306 sq.ft. (13,870.87 sq.m.) of land which was purchased over the last year to add to the total. With these two new parcels, the overall project is significantly enhanced and is now in the late planning stages of development. The two new parcels include some improvements which are considered to be only interim uses until development begins.</p> <p>The property is held under a fee simple ownership.</p>	The property is currently a vacant site pending future development.	US\$78,700,000

*Notes:*

- (1) The owners of the property are Brickell CitiCentre East LLC, Brickell CitiCentre West LLC, Brickell CitiCentre North LLC and Brickell CitiCentre Plaza LLC.
- (2) The property is zoned for mixed use development (residential, hotel, office, retail) pursuant to a special permit.

## VALUATION CERTIFICATE

## Group XIII — Property interests leased to the Group in Hong Kong

<u>Property interest</u>	<u>Description and tenancy particulars</u>	<u>Capital value in existing state as at 30 September 2011</u>
99. 20 leased/licensed properties in Hong Kong	<p>The properties comprise 20 various agricultural lots, operational and ancillary facilities, garden, suite and office units with a total floor area of approximately 4,513 sq.ft. (419.27 sq.m.) and a total site area of approximately 209,208 sq.ft. (19,435.90 sq.m.) currently leased/licensed to and occupied by the Group for office and operational uses respectively.</p> <p>The properties are subject to 20 tenancies/licences for various terms of monthly to 60 years with the latest expiry date in June 2047 at a total monthly rent of approximately HK\$422,870.</p>	No commercial value

## VALUATION CERTIFICATE

## Group XIV — Property interests leased to the Group in the PRC

Property interest	Description and tenancy particulars	Capital value in existing state as at 30 September 2011
100. 47 leased properties in Beijing	<p>The properties comprise 41 residential units and various office units with a total floor area of approximately 12,520 sq.m. which are leased and occupied by the Group for residential and office uses respectively.</p> <p>The properties are subject to 47 tenancy agreements for various terms of 4 months to 15 years with the latest expiry date in April 2025 at a total monthly rent of RMB1,649,803.76.</p>	No commercial value
101. 12 leased properties in Chengdu	<p>The properties comprise 2 hotel units, a serviced apartment, 4 residential units and various office units with a total floor area of 4,686.67 sq.m. which are leased and occupied by the Group for residential and office uses respectively.</p> <p>The properties are subject to 12 tenancy agreements for terms of 3 months to 5 years with the latest expiry in January 2016 at a total monthly rent of RMB540,704.14.</p>	No commercial value
102. 20 leased properties in Guangzhou	<p>The properties comprise 20 residential units with a total floor area of 2,785.90 sq.m. which are leased and occupied by the Group for residential use.</p> <p>The properties are subject to 20 tenancy agreements for various terms of 1 to 4 years with the latest expiry date in September 2013 at a total monthly rent of RMB254,420.</p>	No commercial value
103. 14 leased properties in Shanghai	<p>The properties comprise 7 residential units and 7 office units with a total floor area of 3,063.75 sq.m. which are leased and occupied by the Group for residential, operational and office uses respectively.</p> <p>The properties are subject to 14 tenancy agreements for various terms of 1 to 3 years with the latest expiry date in June 2013 at a total monthly rent of RMB536,016.75.</p>	No commercial value
104. 1 leased property in Hangzhou	<p>The property comprises an office unit with a total floor area of 30 sq.m. which is leased and occupied by the Group for office use.</p> <p>The property is subject to 1 tenancy agreement for a term of 2 years from 8 November 2010 to 7 November 2012 at a monthly rent of RMB1,000.</p>	No commercial value
105. 5 leased properties in Tianjin	<p>The properties comprise 5 workshops with a total floor area of 30 sq.m. which are leased and occupied by the Group for operational use.</p> <p>The properties are subject to 5 tenancy agreements for terms of 1 year from 18 August 2011 to 17 August 2012 at a total monthly rent of RMB833.35.</p>	No commercial value

## VALUATION CERTIFICATE

## Group XV — Property interests leased to the Group in the United States

<u>Property interest</u>	<u>Description and tenancy particulars</u>	<u>Capital value in existing state as at 30 September 2011</u>
106. 2 leased properties in the United States	<p>The properties comprise 2 office units with a total floor area of approximately 11,276 sq.ft. which are currently leased and occupied by the Group for office use.</p> <p>The properties are subject to 2 tenancy agreements each for a term of 5 years with the latest expiry date in February 2014 at a total monthly rent of approximately US\$42,049.</p>	No commercial value

## Group XVI — Property interests leased to the Group in the United Kingdom

<u>Property interest</u>	<u>Description and tenancy particulars</u>	<u>Capital value in existing state as at 30 September 2011</u>
107. 2 leased/licenced properties in the United Kingdom	<p>The properties comprise 2 office units with a total floor area of approximately 239.41 sq.m. which are currently leased / licenced and occupied by the Group for office use.</p> <p>The properties are subject to 2 tenancy / licence agreements for terms of 2 years to 5 years with the latest expiry date in June 2014 at a total monthly rent/licence fee of approximately £6,063.75.</p>	No commercial value

*The following is the text of a letter and summary of valuations prepared for the purpose of incorporation in this listing document received from Christie + Co, an independent property valuer in connection with certain property interests of the Group in the United Kingdom as at 30th September 2011. A copy of the valuation report relating to such property interests of the Group is made available for public inspection.*

## Christie+Co

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21st December 2011

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Dear Sirs,

### 1.0 INSTRUCTIONS

In accordance with your instructions, we have undertaken various valuations (hereinafter referred to as the “Valuations” and each a “Valuation”) of the freehold and leasehold interests in 4 (four) hotels (the “Properties”) and the freehold interest in a residential ancillary property (the “Ancillary Property”) all located in England, owned and operated by Golden Tent Limited and New Light Hotels Limited (the “Companies” and each a “Company”), wholly owned subsidiary companies of Swire Properties Limited (“Swire”) as at 30 September 2011. We list the Properties and the Ancillary Property as follows:

#### **Freehold Properties**

Avon Gorge Hotel, Sion Hill, Clifton, Bristol BS8 4LD (the “Bristol Property”)

The Montpellier Chapter (formerly the Hotel Kandinsky), Bayshill Road, Cheltenham GL50 3AS (the “Cheltenham Property”)

The Magdalen Chapter (formerly the Hotel Barcelona), Magdalen Street, Exeter EX2 4HY (the “Exeter Property”)

#### **Leasehold Property**

Seattle Hotel, Brighton Marina, Brighton BN2 5WA (the “Brighton Property”)

#### **Ancillary Property**

10 Caledonia Place, Clifton, Bristol BS8 4DH

Brief summaries (the “Summaries” and each a “Summary”) of the Properties and the Ancillary Property are included in the Appendix attaching to this valuation report (the “Valuation Report”). We have ascribed Market Values, refer Basis of the Valuations sub-points 2.0 and 5.1, to the Properties

as fully operational individual trading entities as at 30 September 2011 in their condition at that date. We have also ascribed a Market Value to the Ancillary Property. The Market Values have been given in Pounds Sterling. The Properties have been valued as individual trading entities, not part of a group or portfolio.

The Valuation Report is prepared for inclusion in the listing document for a listing by way of introduction by Swire on the Stock Exchange of Hong Kong. The Valuation Report has been prepared in accordance with the Valuation Standards 7<sup>th</sup> Edition (the “Red Book”) issued by the Royal Institution of Chartered Surveyors and complies with the relevant requirements under the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the “Exchange Listing Rules”), with particular reference to Chapter 5. The General and Special Terms and Assumptions of the Valuations are set out under sub-points 4.0 and 5.0.

The Properties and Ancillary Property were inspected between 27 September and 3 October 2011 by independent valuers qualified in accordance with Valuation Standards 1.6, 1.7 and 1.8 of the Red Book and the Exchange Listing Rules. The Valuation Report has been prepared by I A Martin MA, Director and S N Still MRICS, IRRV together with R Chess FRICS, Director, all of Christie + Co and who have experience of valuing similar properties and businesses.

## **2.0 BASIS OF THE VALUATIONS — MARKET VALUE**

We have ascribed Market Values to the Properties and the Ancillary Property. Market Value is defined in Valuation Standard 3.2 of the Red Book as follows:

“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

The Market Values ascribed assume an orderly marketing programme over a period of 12 (twelve) months of individual disposals, not a sale of all the Properties at one time. Commensurate with this assumption we have valued the Properties assuming efficient marketing and management systems are in operation.

We draw your attention to sub-point 5.1, the Special Assumption made in respect of the Exeter Property.

## **3.0 VALUATION METHODOLOGY**

In the hotel property market there are three recognised methods of valuation: the market or comparative approach, income capitalisation and discounted cash flow. We have used these methods of valuation as appropriate for the Properties and the Ancillary Property.

#### **4.0 GENERAL TERMS AND ASSUMPTIONS OF THE VALUATIONS**

##### **4.1 Trade Furnishings, Fixtures, Fittings, Plant Equipment**

Properties of the type valued normally change hands in the open market as fully equipped operational business units. The Valuations therefore includes all plant, machinery, furnishings, fixtures, fittings and moveable items as these are usually included in a sale(s). We were advised by the Companies that all plant, machinery, furnishings, fixtures, fittings and moveable items are or will be owned outright, save for some minor items, and the Valuations are based on this understanding. Additionally, no additional allowance has been made for individual items of furniture, fine art or articles with antique or rarity values. We have assumed that the plant and machinery are and will be in good working order.

##### **4.2 Services**

We were not instructed to arrange for any services or installations to be tested and therefore the Valuation Report does not express any opinion as to their adequacy or condition. We have valued on the basis that the services and installations comply and will comply with all statutory requirements, as advised to us by the Companies, are and will be adequate for the businesses being undertaken and are and will be in good working order.

##### **4.3 Structural Condition**

We were not instructed to carry out structural surveys of the Properties and the Ancillary Property and therefore in preparing the Valuations we have assumed the Properties and the Ancillary Property to be and will be of sound design and construction, free from any inherent defect or defects, as advised to us by the Companies, refer sub-point 5.2. Furthermore, we did not inspect woodwork or other parts of the Properties and the Ancillary Property which were covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. The Valuations therefore do not express any opinion about or advise upon the condition of un-inspected parts, nor do the Valuations in any way constitute or could the Valuations be constructed as constituting any representation or warranty actual or implied regarding such parts.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement or concrete chloride additive or any asbestos containing material or any other deleterious or potentially deleterious material has been or will be used in the construction of the Properties and the Ancillary Property or has since been incorporated in the Properties and the Ancillary Property and we are therefore unable to report that the Properties and the Ancillary Property are free from risk in this respect. For the purpose of the Valuations we have assumed that such investigation would not disclose the presence of any such material in an adverse condition. However, should such material be discovered we have made no allowance for the costs of removal and any remedial works required.

In respect of the Exeter Property where refurbishment works are currently being undertaken we have assumed that the works will be completed in a workmanlike fashion in accordance with the plans supplied. In the case of the Cheltenham Property, where extensive refurbishment works and an extension were completed and the Property opened in November 2010, we have assumed that the agreed snagging programme is completed satisfactorily.



#### **4.4 Site Investigations**

We did not carry out or commission site investigations or geographical or geophysical surveys, and therefore give no opinion or assurance or guarantee that the ground have sufficient load bearing strength to support the Properties and the Ancillary Property, or any other constructions that are being and may be erected upon them in the future. We also do not give any opinion or assurance or guarantee that there are no underground mineral or other workings beneath the Properties and the Ancillary Property, or in their vicinity, or that there is not any fault or disability underground which could or might affect the Properties and the Ancillary Property or any construction thereon. We have not been provided with any information on any of the Properties and the Ancillary Property which historically have suffered from flooding, or lie in a flood plain, and the Valuations do not reflect any diminution in Market Values which might result from such circumstances.

#### **4.5 Environmental Issues**

We have not been supplied with any environmental audits or other environmental investigations or soil surveys which have been carried out on the Properties and the Ancillary Property and which draw attention to any contamination or the possibility of any such contamination which might adversely affect the Valuations. In undertaking the Valuations, we have assumed that no contaminated or potentially contaminative uses have ever been carried out on the Properties and the Ancillary Property. We have not carried out any investigations into the past or present uses either of the Properties and the Ancillary Property or any neighboring land to establish whether there is any potential for contamination from these uses or sites to the Properties and the Ancillary Property.

However, should it be established subsequently that contamination exists at the Properties and the Ancillary Property or on any neighbouring land or that the Properties and the Ancillary Property have been or are being put to a contaminative use this might reduce the Valuations.

#### **4.6 Statutory Requirements**

We have made enquiries of the Companies and have therefore assumed that the Properties comply and will comply in all material respects with all statutory and other requirements including, but not limited to, environment, fire, licensing, planning, health and safety and have valued on this understanding, refer sub-point 5.3.

We have assumed that all consents, licences and permissions have been or will be obtained, the Properties are and will be operated in accordance with these consents, licences and permissions, and that they will continue to hold them. We also assumed that they can be transferred to a suitable purchaser(s). We have assumed that there are no outstanding conditions or works required by the appropriate authorities and therefore there are no proposals likely to detrimentally affect the Properties.

We have valued the Properties on the basis of existing use, hotel and ancillary residential purposes, on the assumption that these are the lawful or permitted uses, there are no onerous proposals affecting the Properties and the Valuations will be unaffected by matters which would be revealed by local authority searches except where previously revealed by the Supplemental Reports on Title (the "Supplemental Reports") dated 19th December 2011 prepared by Swire's solicitors Messrs Mayer-Brown, which are supplemental to Reports on Title (the "Main Reports") dated April 2010 (the Supplemental Reports and the Main Reports together the "Reports" and each the "Report"), or we have

otherwise been made aware of them. In respect of the Exeter Property we have assumed that the refurbishment works being undertaken are in accordance with the various planning permissions, listed building consents, building regulations granted.

#### **4.7 Tenure**

The Properties and the Ancillary Property are or will all be owner occupied by the Companies. We have reviewed the Reports and, save as revealed by them, we note that there are no options or rights of pre-emption concerning or affecting the Properties. On the basis of the Reports we have assumed that the Properties and the Ancillary Property are free from any unusual or especially onerous restrictions, encumbrances or outgoing, and that good titles can be shown and that all covenants (including leasehold covenants), restrictions and stipulations affecting the Properties and the Ancillary Property have been strictly complied with, save for any matters not disclosed in the Reports. In respect of the Bristol Property the Report reveals that there is a lease (the "Lease") between the Companies, refer sub-point 5.4. Furthermore, we have assumed the areas and boundaries of the Properties and the Ancillary Property are correct as indicated to us on our inspections.

### **5.0 SPECIAL TERMS AND ASSUMPTIONS OF THE VALUATIONS**

#### **5.1 Basis of the Valuations**

As noted on our inspection, the Exeter Property is currently subject to refurbishment works. Therefore in accordance with the Exchange Listing Rules (refer Chapter 5, Listing Rule 5.06 (3) (g)) we provide an additional Market Value as at 30 September 2011 on the assumption that the works have been completed and the Exeter Property is ready to trade (i.e. a "Turn Key" Valuation).

#### **5.2 Structural Condition: the Bristol Property**

On our inspection of the Bristol Property we noted the presence of acro props in the vacant parts of the Property to prevent damage to the terrace. The Valuation of the Property makes no allowance for any necessary repairs.

#### **5.3 Statutory Requirements: the Exeter Property**

We note from the Report that the Property has a lengthy and complex planning history, various permissions and consents have conditions attaching. The Report confirms the discharge of some of the conditions together with non-material amendments. At the time of our inspection the works were underway, with completion timed for February 2012, and we have assumed that they will be completed in accordance with any remaining constraints and requirements of the permissions and consents granted.

#### **5.4 Tenure: the Bristol Property**

The Report reveals the Lease between the Companies. The freehold interest in the Property is owned by Golden Tent Limited who have granted the Lease to a Company, specifically New Light Hotels Limited. The Lease is for a term of 10 years from 18 June 2008. The commencing rent was GB£840,000 per annum subject to annual reviews in line with the Retail Price Index. For the purpose of the Valuation of the Property we have assumed that the Lease is determined and the Bristol Property is sold unencumbered by the Lease with vacant possession.

### 5.5 Trading Conditions

Since the banking and financial crisis broke in 2007, the UK has been experiencing uncertain economic conditions, culminating in a recession. As a result hotels have been facing the most challenging trading conditions in decades. The banking crisis caused a hiatus in debt funding which impacted negatively on the hotel property market causing some contingent distress. Transactional activity has slowed and there is limited comparable evidence available compared to the period prior to the crisis. The UK government, in common with governments of a number of other major economies, has taken steps to support and restore confidence in the banking sector and in the wider economy, but is faced with a substantial public sector deficit and the threat of mounting inflation. The prospects of sovereign default by some southern European countries also clouded the outlook throughout 2010 and re-emerged this year, most immediately in respect of Greece. Furthermore, in 2011 tension has once again heightened with unrest in the Middle East/North Africa and a major natural disaster in Japan. Considerable turmoil has also been experienced in stock markets throughout the developed world in recent weeks. At the time of reporting it is difficult to perceive when a full recovery will occur. Guidance Note 1 “Valuation certainty”, sub-point 2.6 “Market instability”, of the Red Book refers to the Valuations being provided in the following context:

“Disruption of markets can arise due to unforeseen financial, macro-economic, legal, political or natural events. If the *date of the valuation* coincides with, or is in the immediate aftermath of, such an event there may be a reduced level of certainty that can be attached to a valuation, due to inconsistent, or an absence of, empirical data, or the valuer being faced with an unprecedented set of circumstances on which to base a judgment.”

In our opinion the continuing turbulence in the financial and wider economic markets represents such circumstances. We have, however, used valuer judgment to interpret the most recent available evidence and current market sentiment to arrive at the Valuation. We caution that in present circumstances the “shelf life” of the Valuation may be substantially reduced.

### 5.6 Terrorism

A proportion of the Properties’ trade is drawn from international business travellers and tourists. Such trade is particularly sensitive to the world events and should there be further developments, terrorist attacks or threats, these could adversely affect hotels and their values. We caution that unforeseen events can have a detrimental impact upon the hospitality industry and we have made no allowance for such events.

### 6.0 EXCLUSIONS

The Properties and the Ancillary Property have been valued in their existing use and therefore we have not taken into account any development value or value attaching to a higher alternative use. The Valuations do not take into consideration the values of stock in trade, motor vehicles, trade debtors or creditors, other assets or liabilities or contingent liabilities. We have not allowed for the costs of realising the Properties and the Ancillary Property on the open market including professional fees, possible tax liabilities, any premiums liable on the conversion of sterling into other currencies and redundancy or other compensation payments that could be incurred in the event of sales. We have valued the Properties and the Ancillary Property as being clear and free of all debentures, mortgages or other forms of secured lending and any other charges which may be secured thereon. Furthermore, we have not taken into consideration changes in legislation both general and specific to the UK property market, or the effect of wholly unforeseen and catastrophic events upon the UK hotel property market.

**7.0 INFORMATION**

We have relied upon the information and comments on the Properties together with the actual, budget and forecast trading accounts (the “Accounts”) provided to us by the Companies. We have assumed that the Accounts are correct and complete and can be substantiated by independent audit. We stress that in the event of a future change in trading potential or actual levels of trade from that indicated by the Accounts and assumptions, the Valuations could also vary. We take no responsibility for any mis-statement, omission, or misrepresentation made to us. We have also had regard to the Reports.

**8.0 THE VALUATIONS**

We are of the opinion that the Market Values on the bases previously described of the freehold and leasehold interests in the Properties and the Ancillary Property, Summaries of which are provided in the Appendix, as at 30 September 2011 are as follows:

	<u>Market Value GB£</u>
<b>Freehold Properties Owner-Occupied for the Purpose of the Business</b>	
Avon Gorge Hotel, Sion Hill, Clifton, Bristol BS8 4LD .....	9,000,000
The Montpellier Chapter, Bayshill Road, Cheltenham GL50 3AS .....	19,000,000
The Magdalen Chapter, Magdalen Street, Exeter EX2 4HY .....	9,000,000
<b>Leasehold Property Owner-Occupied for the Purpose of the Business</b>	
Seattle Hotel, Brighton Marina, Brighton BN2 5WA .....	Nil
<b>Freehold Ancillary Property</b>	
10 Caledonia Place, Clifton, Bristol BS8 4DH .....	800,000
<b>On the Special Assumption that the Works are Complete</b>	
<b>Freehold Property Owner-Occupied for the Purpose of the Business</b>	
Hotel Barcelona, Magdalen Street, Exeter EX2 4HY .....	14,500,000

**9.0 CONFIDENTIALITY AND JURISDICTION**

The Valuation Report and the Appendix attaching are for the sole and exclusive use of Swire. The Valuation Report and the Appendix are not to be published or reproduced in any way without our consent, save as required for inclusion in the listing document in a form and context previously agreed with us. The Valuation Report and the Appendix are governed by English Law and any dispute thereon will be adjudicated upon only in the courts of England and Wales.

Yours sincerely  
**R Chess FRICS**  
*Director*  
 For and on behalf of  
 Christie + Co

**Appendix**

**Summaries of the Properties and the Ancillary Property**

**The Properties**

Avon Gorge Hotel, Bristol  
The Montpellier Chapter, Cheltenham  
The Magdalen Chapter, Exeter  
Seattle Hotel, Brighton

**The Ancillary Property**

10 Caledonia Place, Bristol

## FREEHOLD PROPERTIES OWNER-OCCUPIED FOR THE PURPOSE OF THE BUSINESS

Avon Gorge Hotel  
Sion Hill  
Clifton  
Bristol BS8 4LD

Market Value  
GB£9,000,000

**Description**

The Property is located in a unique location overlooking the Avon Gorge, spanned by Brunel's Grade I Listed suspension bridge, in Clifton which is a prime residential area of the city of Bristol (population c450,000). The Property was originally a spa built at the end of the 19th Century with the accommodation currently arranged over sub-basement, basement, ground floor and 4 upper floors. The facilities comprise: 75 guest rooms, Bridge Café (50 covers with a small rear terrace allowing a further 20 covers), White Lion Pub (with extensive rear terrace), 4 function/meeting rooms, reception, offices, kitchens (over basement and ground floor), service, store and staff areas, parking for approximately 20 vehicles, extensive vacant parts including an unused ballroom closed since the 1970s.

**Tenure**

The Property is freehold subject to the Lease between the Companies, granted by Golden Tent Limited (the "Landlord") to New Light Hotels Limited (the "Tenant").

The Montpellier Chapter  
(formerly the Hotel Kandinsky)  
Bayshill Road  
Cheltenham GL50 3AS

Market Value  
GB£19,000,000

**Description**

The Property is located in the centre of Cheltenham (population c110,000) occupying a prominent corner site. The core of the Property is a Grade II listed Regency building dating from 1847 when the town enjoyed success as a spa. There were subsequent extensions at the beginning of the 20<sup>th</sup> century, when a restaurant was added, and after the Second World War with the building of a block of guest rooms. The Property was closed in October 2008 to undertake a full refurbishment and build a crescent shaped extension to increase the room inventory at a total project cost of close to GB£16 million. The works were completed in November 2010 and the Property is now a stylish contemporary offering. The facilities comprise: 61 guest rooms and suites, a restaurant (110 covers by including a terrace and inner courtyard), a bar with 3 lounges adjoining, one in a conservatory, 2 function/meeting rooms, spa with 4 treatment rooms, steam room and exercise gymnasium, reception, offices, kitchens, service, store and staff areas, surface parking for 7 cars and new underground garage for 17.

**Tenure**

The Property is freehold.

The Magdalen Chapter  
(formerly the Hotel Barcelona)  
Magdalen Street  
Exeter EX2 4HY

Market Value  
GB£9,000,000

Market Value Special Assumption  
Refurbishment Works Are Complete  
GB£14,500,000

**Description**

The Property is located in the centre of Exeter (population c122,400) occupying a prominent corner site within a few minutes' walk from the Cathedral Quarter of the city. Originally built in 1808 as an Eye Hospital and Grade II listed, the building was closed in 1992 and re-opened in 2001 after a refurbishment to converting it into an hotel with a steel framed extension to the rear. The Property was closed again in 2008 to undertake a full refurbishment and additions which commenced on 12 February 2011 at a project cost of GB£11.4 million. We were advised by the Companies that completion is timed for February 2012 and the improved facilities will comprise: 59 guest rooms, a restaurant (approximately 100 covers by including a terrace and inner courtyard), a bar with 2 lounges plus additional dining space to side, 2 function/meeting rooms, spa with pool, exercise gymnasium and 4 treatment rooms, reception, offices, kitchens, service, store and staff areas including changing rooms, surface parking for 10 cars.

**Tenure**

The Property is freehold. A 99 year lease has been granted from 4 August 2010 in respect of an electricity substation.

**LEASEHOLD PROPERTY OWNER-OCCUPIED FOR THE PURPOSE OF THE BUSINESS**

Seattle Hotel  
Brighton Marina  
Brighton BN2 5WA

Market Value  
GB£Nil

**Description**

The Property is located on the sea front overlooking Brighton Marina, a short distance to the east of the city centre of Brighton (population c250,000). It was opened on 17 February 2003 and has a ground floor entrance with lift access to the remainder of the accommodation which is arranged on the second and third floors of the modern development. The facilities comprise: 71 guest rooms, Seattle Restaurant (80 covers extending into a conservatory and a terrace), Seattle Bar and Lounge, 4 function/meeting rooms, unused self contained restaurant with kitchens and service areas, reception, offices, kitchen, service, storage and staff areas, large open deck, parking in an adjacent multi-storey car park.

**Tenure**

The Property is held under two co-terminus leases dated 19 November 2002 for a term of 35 years from 29 September 2002. One lease is for the main hotel (the "Hotel Lease") and the other is for the restaurant (the "Restaurant Lease") which is currently unused. The current rent passing on the Hotel Lease is £579,735.01 per annum and there are fixed increases every 5 years from 2012. We are advised that the rent passing on the Restaurant Lease is agreed at £137,000 per annum from September 2007 and there are reviews to Open Market Rent on 29 September 2012 and every 5 years. In addition there are Service Charges payable on the Hotel and Restaurant Leases, which are internal repairing only.

**FREEHOLD ANCILLARY PROPERTY**

10 Caledonia Place  
Clifton  
Bristol BS8 4DH

Market Value  
GB£800,000

**Description**

The Ancillary Property is a mid-terrace Georgian building arranged over basement, ground and three upper parts and is used as accommodation for approximately 20 staff. The Ancillary Property comprises 16 bedrooms (8 double and 8 single rooms), of which only two rooms benefit from en-suite facilities, three bathrooms and small kitchen area. There is a small garden to the rear of the Property.

**Tenure**

The Property is freehold.



*In connection with the Spin-off, the Company engaged DTZ to conduct a detailed analysis of the property markets in Hong Kong, Beijing, Shanghai, Guangzhou and Chengdu. DTZ prepared a market research report dated 21st December 2011 (the “**Market Research Report**”) for each of these cities for the purpose of incorporation in this listing document, the text of which is set out below.*

*The Company has included the Market Research Report in this listing document because the Company believes such information would facilitate investors to understand the property markets in the cities where the Group’s principal business operations and properties are located. The Company was charged a total of HKD600,000 for the services provided by DTZ.*

*For the purpose of the Spin-off, DTZ also served as the property valuer of our Hong Kong, PRC, Vietnam and U.S. property interests (other than Amalgamation Properties) and one of our U.K. property interests. A property valuation report prepared by DTZ, which is delineated from the market research contained in the Market Research Report prepared by DTZ, and which relates to our Hong Kong, PRC and U.S. property interests (other than Amalgamation Properties) and one of our U.K. property interests is included in Appendix III “Property Valuation” to this listing document.*

*You should note that certain information presented in the section headed “Industry and Regulatory Overview” in this listing document may not be consistent with the information disclosed in the Market Research Report set out below due to different sources of information, time periods and definitions used by DTZ in preparing the Market Research Report.*



16th Floor  
Fortis Centre  
1063 King's Road  
Quarry Bay  
Hong Kong

DTZ was commissioned by Swire Properties Limited to conduct a Market Research Report for the purpose of inclusion in this listing document. The Market Research Report was prepared independently and all reasonable care was taken in the preparation of the report.

The Market Research Report was prepared based on economic and demographic data from the Mainland China and Hong Kong governments and the proprietary databases of DTZ. In the course of research, DTZ conducted many interviews with local developers, local marketing agents, and market observers in each market.

DTZ provided its services through two business functions which are independent from each other. The Market Research Report was prepared primarily by the designated market consulting teams of DTZ in Hong Kong and Mainland China. In the course of carrying out the research, no consultation was made with DTZ’s valuation department in Hong Kong or Mainland China and with the exception of DTZ’s market consulting teams referred to above.

## 1.0 HONG KONG OVERVIEW

## 1.1 Macro-economic and Demographic Overview

Figure 1.1 Key Economic Indicators for Hong Kong

	2006	2007	2008	2009	2010	2011F	2012F	2013F
<b>Gross Domestic Product at constant prices (GDP) Value (HKD Billion)...</b>	1,531.3	1,629.1	1,666.7	1,622.3	1,735.4	1,841.2	1,924.7	2,016.8
<b>Real GDP Growth Rate (%).....</b>	7.0	6.4	2.3	(2.7)	7.0	6.1	4.5	4.8
<b>Per Capita GDP (HKD).....</b>	215,158.0	233,266.0	240,339.0	231,638.0	246,733.0	255,717.0	267,312.0	277,425.0
<b>Consumer Price Index (CPI, %).</b>	2.0	2.0	4.3	0.5	2.4	4.9	2.6	2.8
<b>Retail Sales Growth (%).....</b>	7.2	12.8	10.6	0.6	18.3	13.2	5.9	4.8
<b>Tourist Arrival ('000 persons)...</b>	25,251.1	28,169.3	29,506.6	29,590.7	36,030.3	39,561.0	42,924.0	N/A

Source: HK Census and Statistics Department, Hong Kong University (HKU), Economist Intelligence Unit (EIU) and Hong Kong Tourism Board

Figure 1.2 Hong Kong Economic Indicators

Indicator	Period	Unit	Value	Year-on-Year Change (%)
GDP at constant prices* .....	2010	HKD Billion	1,735.4	+7.0
Total Exports.....	2010	HKD Billion	3031.1	+22.8
Median Monthly Household Income .....	2010	HKD	18,025.0	+2.8
Unemployment Rate .....	2010	%	4.4	—
Visitors Arrivals .....	2010	Million	36.0	+21.8
Composite CPI .....	2010	—	100.7	+2.4
Total Retail Sales Value .....	2010	HKD Billion	325.0	+18.3

\* In chained (2009) dollars

Source: Census and Statistics Department HKSAR, Hong Kong Tourism Board

The Hong Kong economy has recovered from recession in 2009 with Gross Domestic Product (GDP) showing a healthy growth of 7.0% in 2010 and 7.2% year-on-year growth in the first quarter (Q1) of 2011. The growth in Q1 of 2011 was underpinned by both strong exports (largely comprising re-exports) which rose 16.8% and consumer spending which rose 7.6% year-on-year in Q1 of 2011 respectively. The growth in consumer spending in turn was mostly driven by a 13.9% jump in visitors arrivals in Q1 of 2011. The Hong Kong government has amended its forecast for 2011 and now expects a real growth rate of 5.0% year-on-year for the whole of 2011. The faster than expected recovery from the global financial crisis has underpinned strong demand for office and retail spaces, which has carried through into 2011.

Visitor arrivals grew significantly in 2010 (up 21.8% for 2010 overall) to 36.0 million visitors. Mainland China visitors grew by 26.3%, to 22.7 million arrivals, and represent an important contributor to the Hong Kong's retail sector. The long-haul European and U.S. markets grew by a steady 9.1% and 9.5% respectively. New and emerging markets have performed extremely well, with a second year of stellar growth in visitor arrivals from both India (44.8%) and Russia (102.0%). This has seen high average occupancy in the Hong Kong's hotels, and this growth in new markets will help to spread the risk of any slowdown in Mainland China visitation in the future.

Retail sales continued to record strong growth as a result of the resurgence of equity and asset prices in 2010, and the return to growth in the tourism market and the general economy. Total retail sales increased by 18.3% to HKD325 billion, with some sub-sectors recording very strong growth, including durable goods (49.8%) and motor vehicles (36.8%).

In 2010, Foreign Direct Investment (FDI) into Hong Kong was HKD537.4 billion, making Hong Kong the third largest recipient of FDI in the world. While some of this represents reinvestment into Mainland China, it shows the continuing role of the city as a gateway to and from China. As an international financial and logistics centre, Hong Kong has an international population. At the 2006 population bi-census, some 7.1% of Hong Kong residents were not of Chinese nationality, while a further 1.3% held either a Peoples' Republic of China (PRC) or Republic of China (ROC) passport, to imply a total expatriate population of 8.4%<sup>1</sup>.

**Figure 1.3 Key Demographic Profiles for Hong Kong**

	2006	2007	2008	2009	2010	2011F	2012F	2013F
<b>Per Capita Disposable Income (Urban Households, HKD/yr).....</b>	102,000.0	103,020.0	107,100.0	108,974.0	109,200.0	114,000.0	117,880.0	N/A
<b>Urban Population ('000) .....</b>	6,909.5	6,952.8	6,988.9	7,033.5	7,102.3	7,134.0	7,200.0	7,270.0

Source: HK Census and Statistics Department, Oxford Economics

<sup>1</sup> Updated figures on the composition of Hong Kong's resident population will be available in February or March 2012.

Per capita disposable income in Hong Kong is high by international standards, and has continued to grow, even during the downturn of 2009. Per capita disposable income for the city now stands at HKD109,200.0, substantially higher than that in the rest of China, and comparable to developed countries around the world.

Every five to six years, the Hong Kong government conducts an extensive survey of household expenditure, from which per capita expenditure is extrapolated. At the last survey in 2009/2010, per capita expenditure was HKD85,644.0, which represented 78.4% of per capita disposable income, suggesting a relatively high savings rate of 21.6%.

As a mature economy, the structure of expenditure in Hong Kong has been relatively stable for the past two decades. Between 2004/2005 and 2009/2010, housing expenditure increased by 2.5 percentage points to 31.7% which suggests growing housing stress in the community.

## **2.0 CITY REPORT: HONG KONG**

### **2.1 City's Characteristics and Overview of Real Estate Market**

Hong Kong is a global financial centre, a significant logistics centre, and has been a major gateway to China for half a century, or more. As of 2010<sup>2</sup>, the city remains a major financial and trading centre of the Greater China region, hosting over 1,285 regional corporate headquarters, or more than five times as many as Shanghai.

The traditional urban core districts are the densely populated areas surrounding Victoria Harbour. This includes the northern shore of Hong Kong Island and the Kowloon Peninsula. The Central/Admiralty area is the hub of the financial services sector and the city's premium office district. De-centralised office districts include the CBD-fringe districts of Sheung Wan and Wanchai/Causeway Bay, as well as the Island East area (incorporating North Point and Quarry Bay). The southern tip of the Kowloon Peninsula (especially Tsim Sha Tsui) is also an important office precinct, while Kowloon East has more recently emerged as a Grade A office location.

With Hong Kong's population spread across Hong Kong Island (18.5%), Kowloon (29.4%) and the suburban and rural New Territories (52.1%), retail shopping malls are widely distributed across Hong Kong. With major tourist attractions and hotels more focused in the urban core, there is, however, a predominance of high-end retail in Central and surrounding districts.

Similarly the bulk of 4 and 5-star hotels are in and around the major office and tourism precincts, although in recent years there has been a small number of hotels focused on the convention and group tour markets that have opened in outlying areas, as well as near the airport.

<sup>2</sup> The latest year for which corporate headquarter information is available

Figure 2.1.1 Major Business Districts in Hong Kong



Source: DTZ, September 2011

Figure 2.1.2 Hong Kong Grade A Office Market Statistics

## Grade A Office Market Statistics as at Quarter 2 (Q2) 2011

District	Total Stock (million sq.ft.)	Vacancy Rate (%)	Monthly Rent (HKD/ sq.ft./ month)	Quarter on Quarter (Q-o-Q) (Q1/Q2 2011) Change in Rent (%)
Sheung Wan/Central/Admiralty.....	28.6	3.2	123.8	9.4
Wanchai/Causeway Bay.....	15.8	3.4	49.0	10.5
Island East.....	11.0	4.7	38.3	8.9
Tsim Sha Tsui.....	9.3	5.5	34.5	6.2
Kowloon East.....	11.4	4.8	30.9	6.0
<b>Overall.....</b>	<b>76.1</b>	<b>4.0</b>	<b>68.3</b>	<b>7.9</b>

Source: DTZ

## 2.2 Grade A Office Space

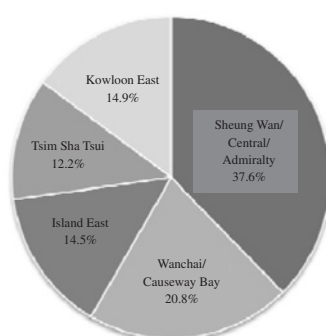
### 2.2.1 Stock Distribution & Characteristics of Major Business District

Hong Kong had 76.1 million sq.ft. in Gross Floor Area (GFA) of Grade A office space as at the end of Q2 2011, with Central and Admiralty forming the core of Hong Kong's Grade A office market and is the preferred location for global banks, trading houses and major listed companies. Wanchai and Causeway Bay on the Central Business District (CBD) fringe have provided an alternative decentralised office location for cost-conscious tenants, as have Island East and Tsim Sha Tsui. With

the opening of landmark premium office towers in these latter two districts (One Island East in Island East and International Commerce Centre in Tsim Sha Tsui), the attractiveness of these two areas to top international corporations has been further enhanced over the past few years.

In recent years, former industrial areas in Kowloon East have been gradually redeveloped into office and residential precincts, and the office space in this area offers quality space at substantial cost savings relative to the core CBD and other more established office precincts. Nevertheless, the lack of supporting facilities found in other areas such as Central and Island East, and a general perception that the district is located far from traditional business districts, is likely to mean relatively lower rentals in this district for the short to medium term.

**Figure 2.2.1 Hong Kong Grade A Office Distribution by GFA, Q2 2011**



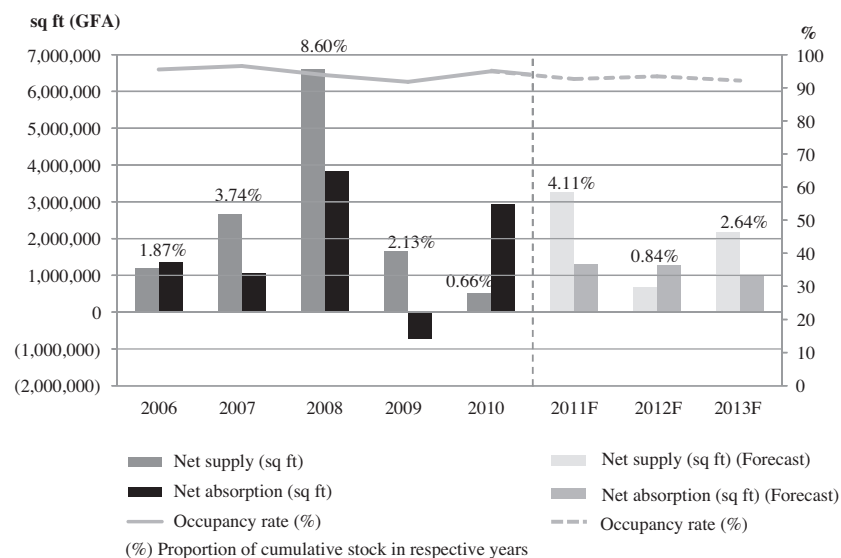
Source: DTZ, September 2011

## 2.2.2 Supply, Demand, and Occupancy

With the opening of substantial office space in the Kowloon East office precinct, and the completion of the iconic International Commerce Centre in Tsim Sha Tsui, the city has seen substantial new supply come on to the market over the past few years. The sharp rebound from the global financial crisis has seen vacancies at close to historical lows across the city, with average vacancy of 4.0% across the city for Q2 2011. With rents in Central averaging HKD123.8/sq.ft./month at the end of June 2011, some tenants have opted to reduce costs by re-locating to decentralised areas, which has led to areas such as Island East recording high rentals of HKD38.3/sq.ft./month, and even the new Kowloon East area recording very low average vacancy rates for the district of 4.8% for Q2 2011. Net absorption fell slightly in 2009 under the impact of the global financial crisis but rebounded strongly in 2010.

Over the next three years, most of the new Grade A office supply will be in the Kowloon East area (55.7% of total new supply). The balance of new supply will come from Central (12.0%), Wanchai and Causeway Bay (7.4%) and other decentralised districts (24.9%).

Figure 2.2.2 Grade A Office Supply, Demand, and Occupancy



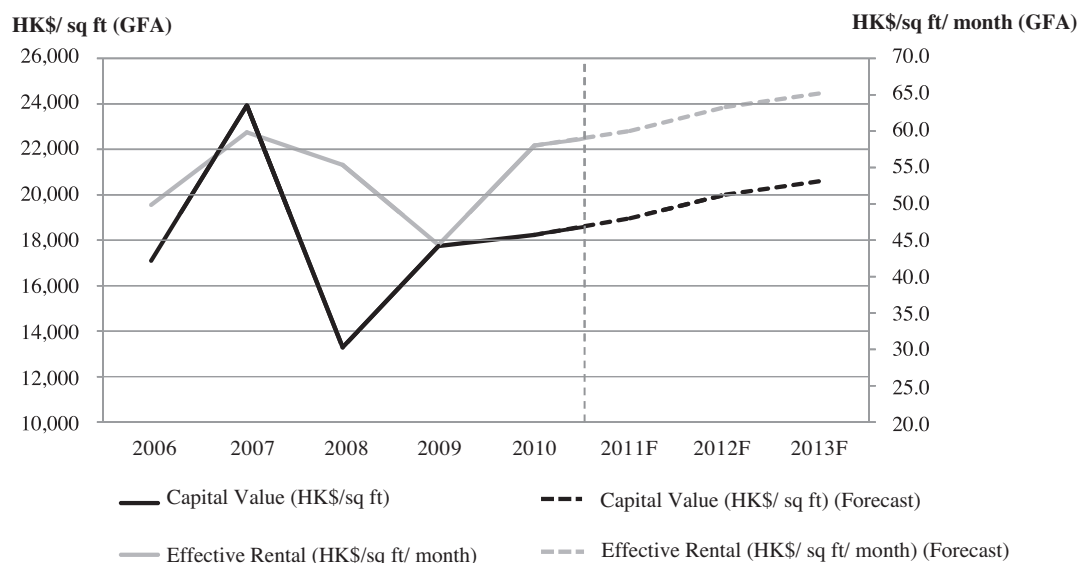
Source: DTZ, September 2011

### 2.2.3 Rental and Capital Values

Office rentals have fallen from the 2007 peak, influenced first by the wave of completions in 2008, and then the global financial crisis in 2009. The average rental rates have increased and ahead of the 2007 peak, with the average rental rates at the end of Q2 2011, registering HKD68.3/sq.ft./month. There is substantial variation in rental rates across districts, with Central/Admiralty commanding a premium of two to three times the rental of decentralised districts, although this gap remains below the level of 2007. At the end of Q2 2011, rental rates were HKD123.8 sq.ft./month in Central/Admiralty, compared with HKD49.0/sq.ft./month on the CBD fringe and HKD38.3/sq.ft./month and HKD34.5/sq.ft./month in Island East and Tsim Sha Tsui, respectively. In the case of an economic slowdown and global uncertainties, tenants have limited their expansion and relocation plans, so exerting downward pressure on rental growth rates. Nevertheless, due to there being limited supply in Central/Admiralty, (absent a major external shock) prime rents should continue to grow, but at a slower rate than in the first half of 2011.

Capital values have moved broadly in line with rental rates, although the peaks and troughs tend to be more extreme, as the supply of quality stock available for sale is fairly limited, and a small number of landlords dominate the most prestigious sites. Yields peaked at 5.1% in early 2009, but fell back to about 3.5% in late 2009, in line with the long-term average yield of between 3.5% and 4.5%. It is anticipated that yield will return to about 4.5% over the long term.

Figure 2.2.3 Citywide Effective Grade A Office Rental &amp; Capital Value



Source: DTZ, September 2011

#### 2.2.4 General Market Outlook and Potential Opportunities

While Hong Kong's economy has recovered well since the 2008 global financial crisis, hiring intentions remain mixed, given renewed uncertainties in Europe and the U.S. Pressure will remain on rental rates as firms continue to monitor costs closely, and as new supply comes on stream, particularly in the Kowloon East district. The decentralisation trend may lead to a reduction in the price discrepancy between Central and other areas, particularly with the Hong Kong Government's announcement in the 2011-12 Policy Address that government office space will relocate from Central to Kowloon East. Rents may now be close to the top in Central/Admiralty although they may rise a little further in decentralised areas.

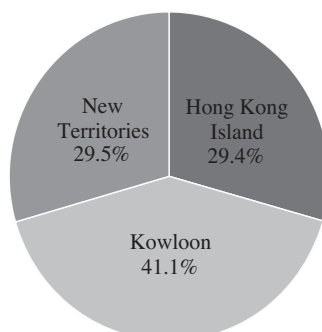
Despite global economic uncertainty, considering the continued economic growth in Mainland China and the current tight occupancy situation, the office market is likely to experience price stability and stable vacancy rates in the forecast period shown in Figure 2.2.3.

With Central/Admiralty continuing to command a high price premium, there will be, in the medium term, potential opportunities for new office development in Central with the Government Headquarters relocating out of Government Hill and in Admiralty, upon completion of the Tamar Complex and with the completion of the final phase of the Central Harbour Reclamation work. The current proposal will permit construction of approximately 40,000 sq.m. of office space on the site of the current West Wing of the Central Government Offices.



## 2.3 Retail

### 2.3.1 Stock Distribution of Major Retail Districts by Net Floor Area (NFA), 2010



Source: HKSAR Government, DTZ

### Figure 2.3.2 Hong Kong Retail Statistics, Q2 2011

#### Retail market statistics

	Rental Index (Q1 2000 = 100)	Q-o-Q (Q1/Q2 2011) Change (%)	Y-o-Y (2010/2011) Change (%)
Hong Kong Island.....	156.1	3.4	3.1
Kowloon.....	120.7	1.3	3.0
New Territories.....	147.6	6.2	9.8

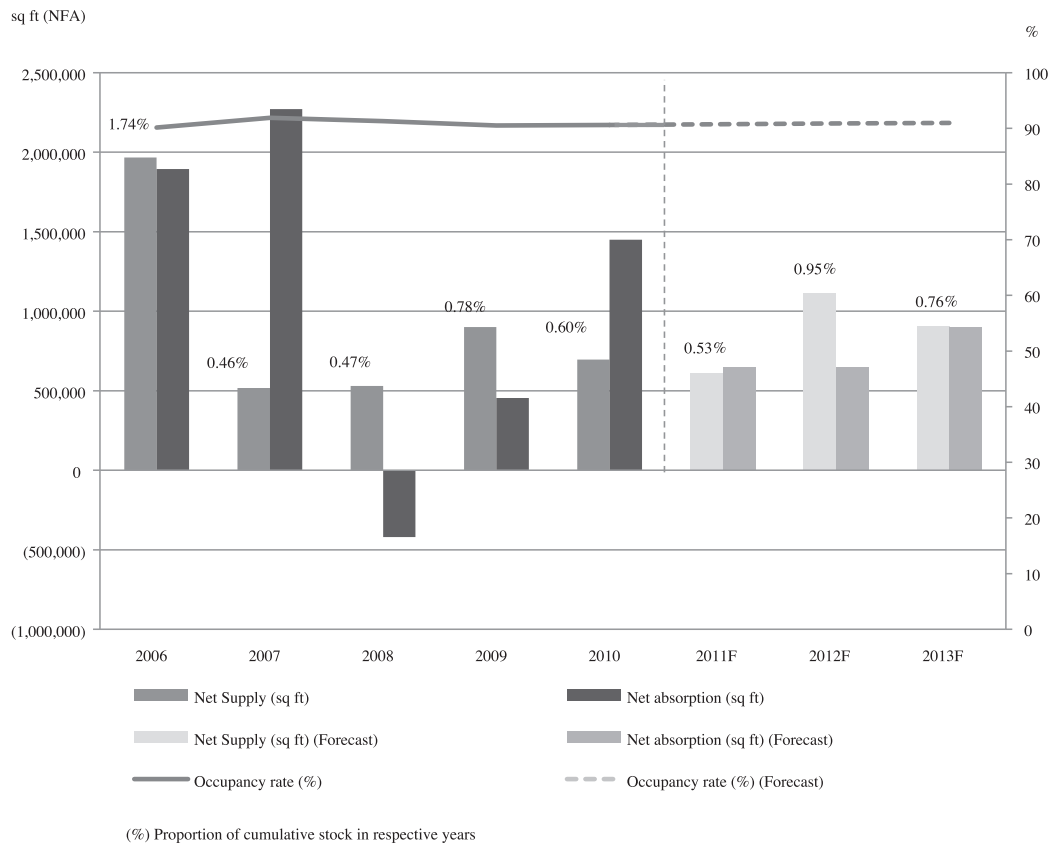
Source: Rating and Valuation Department HKSAR, DTZ

Hong Kong has some 115.5 million sq.ft. in NFA of total retail stock, and this retail stock is widely distributed across the city, with a range of mall, and street side shops catering to locals and tourists. Tsim Sha Tsui and Central, together with specialist markets elsewhere in Kowloon, on the Peak and near the airport cater primarily for tourists, and suburban malls scattered throughout the territory cater primarily for local demand.

### 2.3.2 Supply, Demand, and Occupancy

Construction programs for new retail supply are less influenced by the economic cycle than the office market, and new supply of retail space shows a more consistent trend. As the global financial crisis impacted on visitor numbers, the net absorption in the market turned negative in 2008. Broadly stable new supply is expected in the city going forward, and with the economic recovery, continuing strong tourism numbers and new housing construction, demand for retail space is likely to resume at about average long-term levels of between 0.6 million and 1.1 million sq.ft./year over the next three years. New retail space is generally coming from incremental expansion of existing projects and mixed use urban renewal projects, such as new commercial space at Tseung Kwan O MTR station and redevelopment of the Tonnochy Towers in Wanchai.

Figure 2.3.3 Citywide Retail Supply, Demand, and Occupancy



Source: DTZ, September 2011

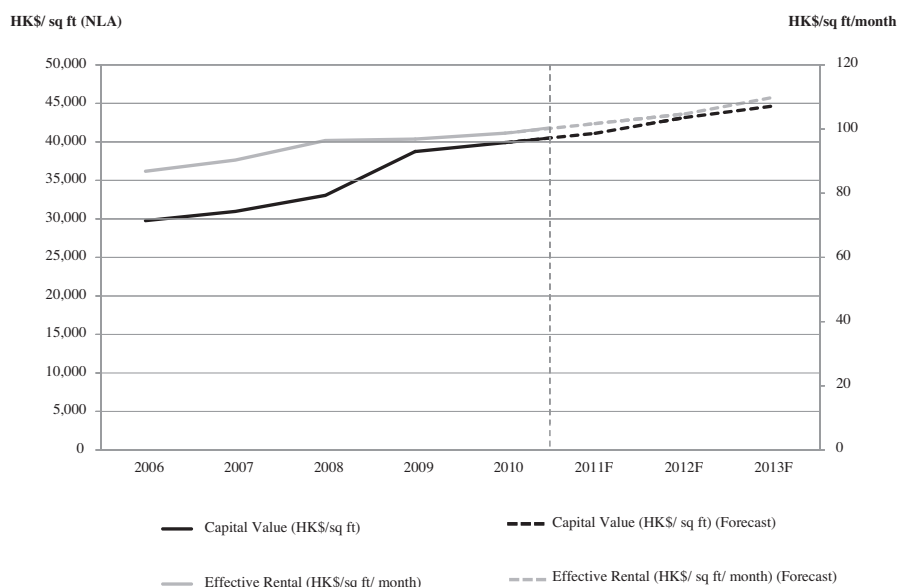
### 2.3.3 Rental and Capital Values

Rental rate growth slowed, but trended upwards from 2008 to 2010, even though net absorption was negative. This reflected the importance that international retailers place on establishing flagship stores in the city as part of their expansion into China, together with premium prices derived from high profile locations in a city where establishing prime locations can attract high pedestrian flows.

Hong Kong Island remains the preferred location for international brand name stores, with many major retail names having flagship stores around the Island, and rental rates in the territory were the highest in this area at HKD141.1/sq.ft./month in Q2 2011. With a number of mid-high end malls located in Kowloon, including the opening of iSquare and Heritage 1881 in Tsim Sha Tsui, average rental rates in Kowloon are catching up with Hong Kong Island and were HKD117.1/sq.ft./month in Q2 2011, while in the more mixed retailing environment of the New Territories, average rental rates had reached HKD101.8/sq.ft./month as at Q2 2011.

Capital value growth has been higher than rental rate growth since 2009. As a result, retail yields have tightened to a citywide average of 3.0%. Retail yields in Hong Kong have typically been at between 4.0% and 5.0% for quality retail over the past few years.

Figure 2.3.4 Effective Retail Rental &amp; Capital Value



Source: DTZ, September 2011

### 2.3.4 General Market Outlook and Potential Opportunities

New growth in the retail market will largely be driven by visitor spending, rather than growth in the domestic market. Some new retail space will be created in the more urban areas with the development of the West Kowloon precinct and the Central Harbour Reclamation which will be completed by the end of 2011. Apart from this, the majority of new retail space in the city will come from incremental expansion of existing shopping districts, and some urban renewal projects, including the old Kai Tak airport site, which is close to the Kowloon East office district.

With strong growth in tourism numbers, and domestic spending remaining relatively stable, it is anticipated that growth in retail rental rates will be positive, and premium locations may produce significant growth as Mainland China visitors' consumer growth continues.

## 2.4 Four and Five-Star Hotel and Serviced Apartment

### 2.4.1 Stock Distribution

As at the end of Q2 2011, Hong Kong had a stock of 14,768 5-star hotel rooms<sup>3</sup>, and 23,531 4-star rooms<sup>4</sup>. In addition, there are a total of 942 serviced apartments managed in conjunction with 5-star hotels in Hong Kong.

<sup>3</sup> High Tariff A Hotels (the Hong Kong Government's definition) approximates 5 star standard.

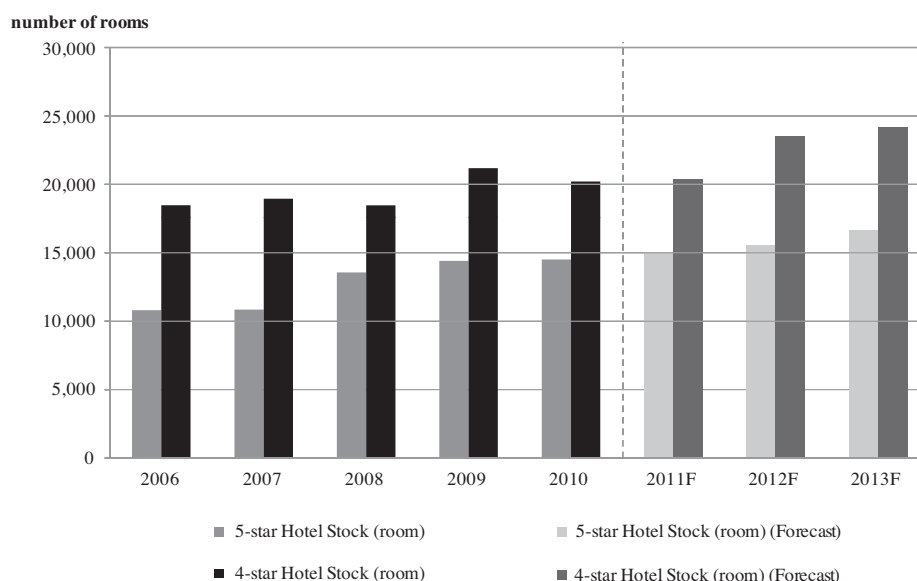
<sup>4</sup> High Tariff B Hotels (the Hong Kong Government's definition) approximates 4 star standard.

Hong Kong's 5-star hotels are concentrated in the business and tourism hubs in Central and Tsim Sha Tsui, with a number also in Mongkok, Wanchai and Causeway Bay and a few located elsewhere around the territory. The city's hotel stock is a mix of perennially popular hotels, such as the Peninsula in Tsim Sha Tsui and a range of newer hotels, dominated by the major international brand operators.

With a number of hotels closing, some for refurbishment, Hong Kong's 4-star hotel stock fell slightly during 2010. Re-openings, together with some major hotels in outlying districts will drive a significant growth in stock in 2012. With the double-digit year-on-year growth rate in visitor arrivals from emerging markets in Southeast Asia (11.6%), and even faster growth from Mainland China (23.1%) between Q2 2010 and Q2 2011, Hong Kong's hotel stock will continue to expand based on confirmed projects. Most of these up-coming 4-star hotels will open in non-traditional areas, especially in the Kowloon East office precinct, due the government's measures to revitalise industrial buildings and the implementation of the Kai Tak Development project.

The serviced apartment market in Hong Kong has mostly been dominated by small, independent operators, or small local chains. The trend towards the inclusion of serviced apartments within major 5-star hotels is fairly new, but is expected to continue, as international chains seek to develop the serviced apartment sub-sector.

**Figure 2.4.1 Cumulative Stock of 4-star and 5-star Hotels**



Source: DTZ, September 2011

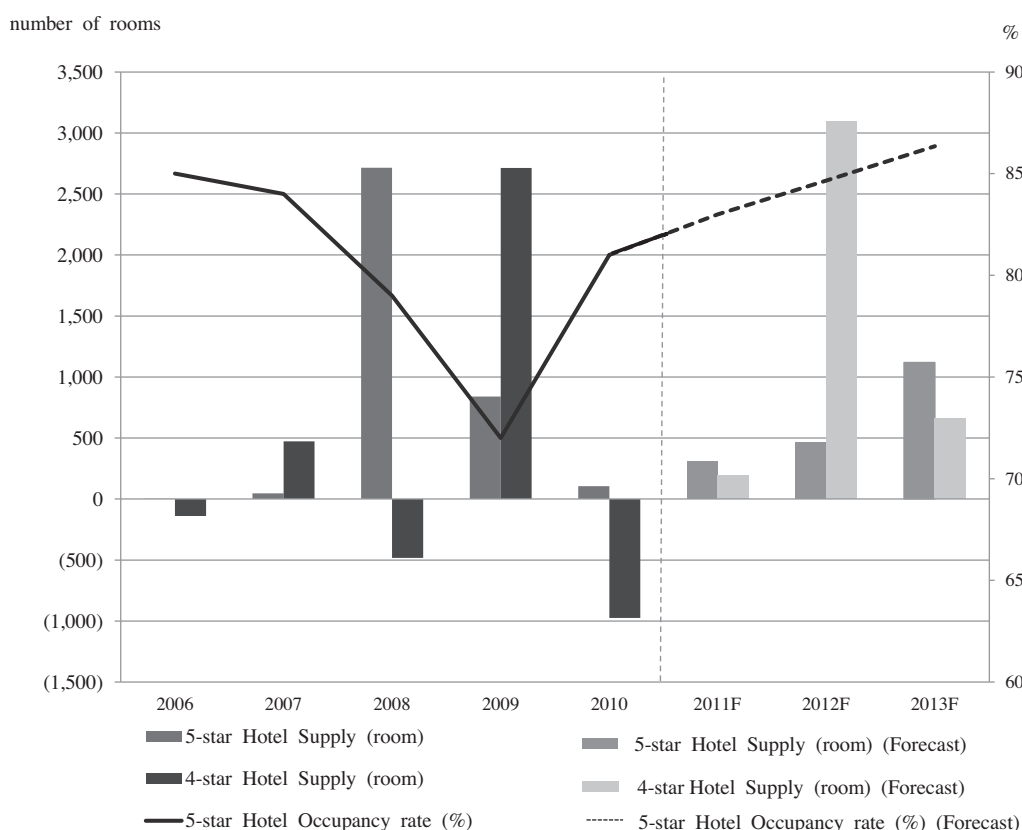
2.4.2 Supply, Demand, and Occupancy

As noted, the total 4-star hotel stock fell slightly in 2010, but with re-opening and new project completions, new supply is anticipated in 2012, with a surge in 4-star hotel supply of more than 3,000 new hotel rooms in 2012 and also approximately 1,000 new for 5-star hotel rooms in 2013.

With the 5-star market catering mostly to long-haul and business travellers, as passenger volume at Hong Kong airport reached 50.9 million in 2010<sup>5</sup> and with Hong Kong as one of the premier convention destinations in Asia boosting business visitor arrivals, the occupancy rates of this sector of the hotel market saw growth of 6.7% year-on-year in Q2 2011 and an average occupancy rate of 82.3% for the same period. Occupancy rates averaged 89.0% for 4-star hotels, with Mongkok district, which has a high concentration of 4-star hotels catering to Mainland China tourists, recording an average occupancy rate of 91.0% in Q2 2011. This reflects the benefit from the visitor arrivals from Mainland China which remained robust recording a growth of 21.1% to 12.7 million between January to June 2011. Occupancy in other districts was also high in Q1 and Q2 2011, with Wanchai and Causeway Bay recording average occupancy rates of 88.0%, Tsim Sha Tsui 87.0%, Island East 86.0% and Central 79.0%.

Demand for serviced apartments remained strong in Q2 2011 with the occupancy rate reaching 93.5%, as companies continue to set up offices in booming Asian economies, and Hong Kong is the preferred location for global companies to set up regional headquarters. As such, the arrival of an increasing number of expatriate families boosted the serviced apartments market.

Figure 2.4.2 Supply and Occupancy of 4-star and 5-star Hotels



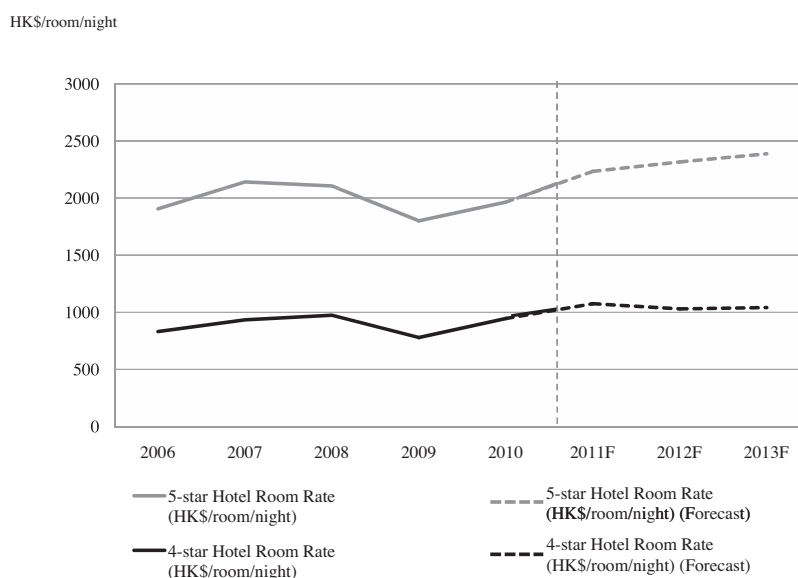
Source: DTZ, September 2011

<sup>5</sup> Source: Airport Council International Statistic

2.4.3 Hotel Room Rate and RevPAR

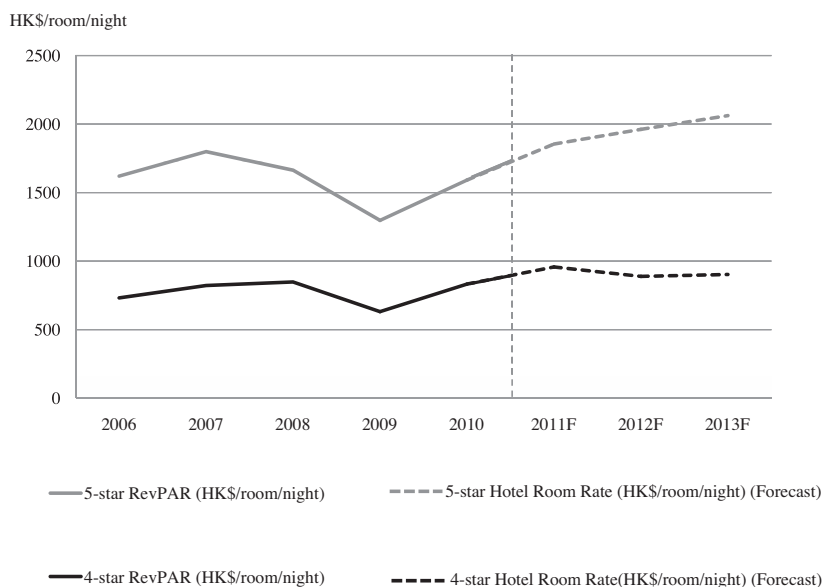
Hong Kong hotel performance has rebounded strongly from the 2009 downturn in visitor arrivals and showed strong performance by the end of 2010, with average daily room rate showing growth of 8.7% to HKD1,965.0 for 5-star hotels and 21.4% to HKD946.0 for 4-star hotels. The hotel room rate further increased in Q2 2011, with average daily room rates increasing to HKD2,144.0 for 5-star hotels and HKD1,051.0 for 4-star hotels. With a large amount of new supply in the development pipeline, it is anticipated that a slight fall in average room rates for 4-star hotels will occur in 2012. In terms of serviced apartments, average rental rates were HKD669.6/sq.ft./month in Q2 2011.

Figure 2.4.3 Average Daily Room Rate of 4 and 5-star Hotels



Source: DTZ, September 2011

Figure 2.4.4 Revenue Per Available Room (RevPAR) of 4 and 5-star Hotels



Source: DTZ, September 2011

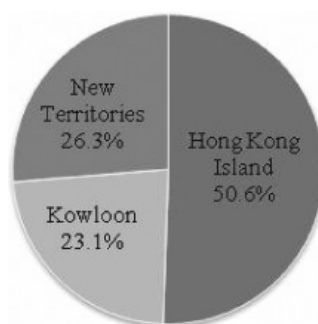
### 2.4.4 General Market Outlook and Potential Opportunities

Hotel performance in Hong Kong is expected to remain healthy throughout 2012 and 2013. Despite the recent economic crisis in the U.S. and Eurozone, the robust growth in visitor arrivals and further integration with Mainland China are expected to drive growth in total room demand and rates. Nevertheless, with new investors and operators tending to enter the 4-star hotel market, a small, short-term dip in rates and occupancy is expected in this market.

The implementation of the Kai Tak Development project, new international cruise terminal, the West Kowloon Cultural District and the Ocean Park expansion project provide opportunities for the development of major new hotels in the next few years, further diversifying the distribution of quality hotels in the city.

## 2.5 Luxury Residential

### 2.5.1 Stock Distribution & Characteristics of the Luxury Residential Market



Source: Hong Kong Rating and Valuation Department, DTZ, December 2010

Figure 2.5.1 Hong Kong Luxury Residential Market Statistics

#### Luxury Residential Market Statistics as at Q2 2011

District	Average Rent, Class D (HKD/sq.ft./month)	Average Rent, Class E (HKD/sq.ft./month)	Average Price, Class D (HKD/sq.ft.)	Average Price, Class E (HKD/sq.ft.)
Hong Kong Island.....	37.2	43.7	16,143.6	23,627.7
Kowloon .....	28.4	25.4	13,886.8	19,317.4
New Territories .....	22.0	21.6	7,252.5	8,398.2

Source: Hong Kong Rating and Valuation Department, DTZ

Note: Class D — 1,076 — 1,721 square feet

Class E — 1,722 square feet and above

Hong Kong had 1.1 million private residential units (excluding New Territories Exempted Houses) as at the end of 2010, of which 82,670 (7.5%) were luxury units. Given the scarcity of space in Hong Kong, luxury units are defined as any unit over 1,076 sq.ft., other than New Territories Exempted Houses. As at the end of 2010, Hong Kong Island contained the largest number of luxury residential units with 41,792 units or 50.6% of Hong Kong's total luxury residential stock. Due to limited land supply on Hong Kong Island, new supply in recent years mainly came from Kowloon and the New Territories, increasing the stock of luxury units from these areas from 24.7% and 22.3% of the total luxury residential stock in 2006 to 23.1% and 26.3% respectively in 2010.

### 2.5.2 Supply, Demand, and Vacancy<sup>6</sup>

As Hong Kong's economy recovered from the 2008 global financial crisis, the luxury residential market bounced back with strong demand in 2010 which absorbed most of the new supply between 2008 and 2010. Annual demand jumped from 600 units in 2009 to 2,240 units in 2010. It is worth noting that the demand for luxury residential units (2,240 units) in 2010 significantly exceeded the supply<sup>7</sup> (1,440 units) in the same year, reflecting a strong underlying demand for luxury residential units, reducing the total amount of unoccupied stock in the luxury sector. This has pushed down the vacancy rate of luxury residential units back to approximately the 9% mark in 2010 from a high of 10.5% in 2009.

While other sources of relevant statistics are less comprehensive than those provided by the Rating and Valuation Department, it is noted that unsold residential unit accounts for 1.1 percentage points of the unoccupied residential units in Hong Kong Island, where most of the luxury stock is located, it is therefore believed that there is no major overhang in the market which would create downside risk going forward.

774 units were completed in 2010, the majority (53.8%) of which were located in Kowloon. The supply of luxury units in Kowloon was driven by the completion of several luxury residential developments and redevelopment projects in the area, such as the Hermitage in West Kowloon and the Latitude in East Kowloon.

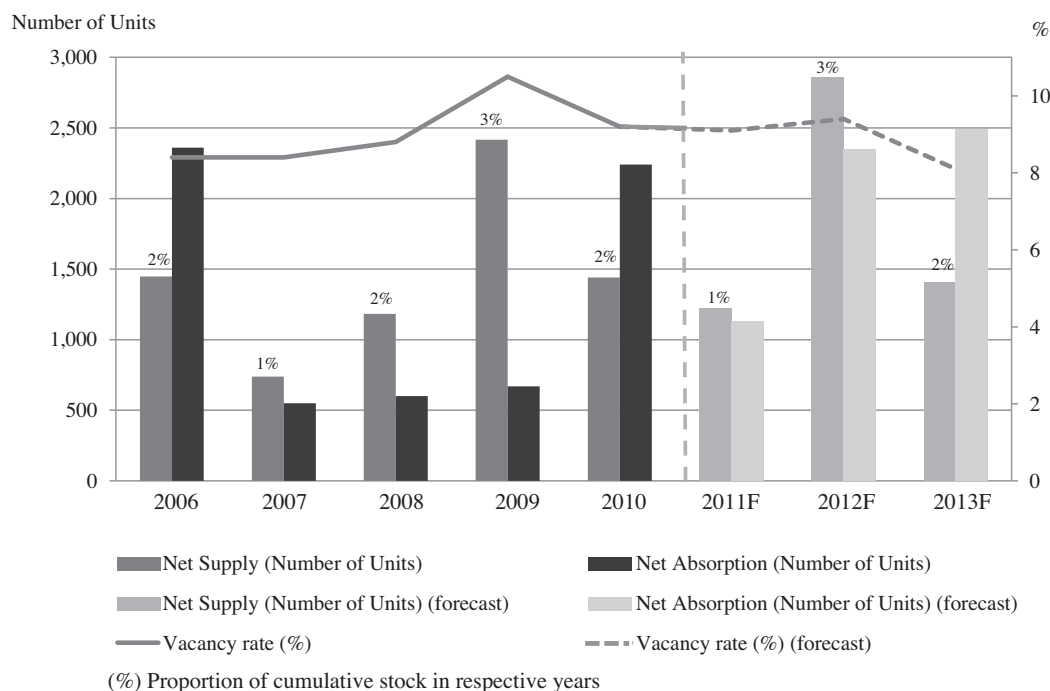
Looking ahead, approximately 5,492 luxury residential units will enter the market between 2011 and 2013, of which 4,082 units or 74.3% will be completed by the end of 2012. This will only form a relatively low portion of 16.7% of total completions (24,379 units) of private residential units in Hong Kong by 2012. Driven by positive economic growth in Hong Kong, demand for luxury residential units from high-income groups and investors is expected to remain strong in the coming three years, which should underpin a healthy take-up of new projects. The total net absorptions in the coming three years will be 5,963 units and the vacancy rate will reach 8.1% by the end of 2013.

<sup>6</sup> Vacancy refers to the proportion of Class D and Class E units with occupation permit but not physically-occupied or deemed unsold out of the total completed Class D and Class E unit stock.

<sup>7</sup> Supply in this section refers to Class D and Class E units deemed completed by virtue of the issue of an occupation permit.



Figure 2.5.2 Citywide Luxury Residential Supply, Demand, and Vacancy



Source: DTZ, September 2011

### 2.5.3 Rental and Capital Values

Luxury residential rental rates continued to rise into 2010, reaching an average of HKD28.0/sq.ft./month for Class D residential units and an average of HKD32.6/sq.ft./month for Class E residential units respectively by the end of 2010, due to strong demand from expatriates and local tenants who benefited from the strong economy. Luxury residential capital values also rose rapidly into 2010, reaching an average of HKD11,319.8/sq.ft. for Class D residential units and an average of HKD15,818.8/sq.ft. for Class E residential units respectively, as both investors and end-users continued to show interest in the market with anecdotal evidence from agents suggesting Mainland Chinese buyers now account for approximately 30% of buyers of luxury residential units in Hong Kong.

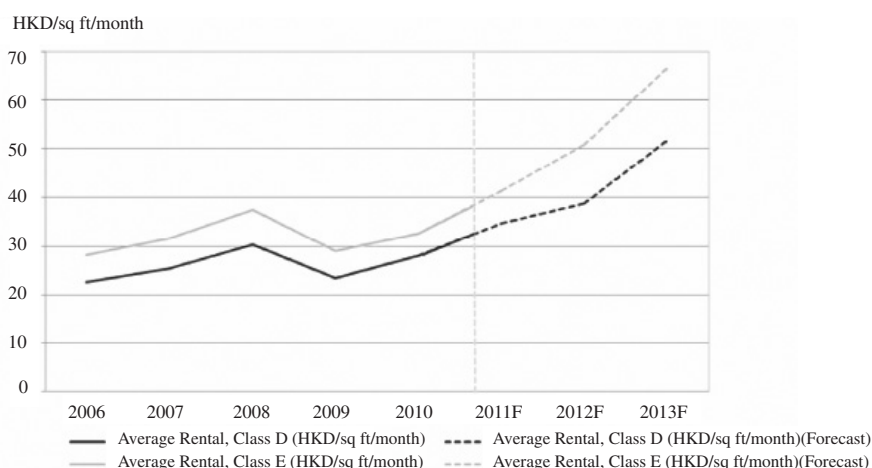
While there are no precise figures available on the total investment into residential property by Mainland Chinese residents, the Hong Kong Government's Capital Investment Entrant Scheme's aggregate figure of HKD16.77 billion in real estate investment (of which about 80% comes from Mainland Chinese) are broadly in line with various agency estimates that about 30% of purchasers are from the Mainland. Again, agent's anecdotal evidence suggests that this investment is primarily into luxury properties on Hong Kong Island and in the southern part of the Kowloon Peninsula. It is believed that the growing numbers of high income persons in China, and their desire to diversify their asset base, in part through trans-boundary investment will continue to provide a strong source of demand for luxury residential stock in the city.

Q3 2011 saw some downturn in both transaction volumes and prices, as measures to counter speculative activity in the residential property sector combined with global economic instability created some uncertainty over the future direction of the market. This suggests that some buyers are taking a “wait and see” approach which has resulted in the downturn in transaction volumes.

While these uncertainties have led to a small decrease in prices over the past several months, which may carry over into 2012, it is expected that any downturn will be relatively short-lived and that the impact will be felt more strongly in Class D properties than in the super-luxury Class E sector. Such optimism over the long term prospects for the luxury sector is based on the fact that Hong Kong continues to enjoy solid economic growth, an extremely low interest rate environment, low unemployment, and continued inbound investment from Mainland Chinese buyers, which may also drive growth in the high end residential market. Given these healthy fundamentals, and continued growth in the number of expatriates who are important to the rental market, it is anticipated that there will be a very strong rental growth, particularly at the top end of the luxury market. It is anticipated that average rental rates will reach HKD51.7/sq.ft./month for Class D residential units and an average of HKD66.5/sq.ft./month for Class E residential units by the end of 2013, representing growth of 84.7% and 104.2%, respectively over the three years forecast period. Prices are forecast to reach an average of HKD15,818.5/sq.ft. for Class D residential units and an average of HKD29,039.1/sq.ft. for Class E residential units by the end of 2013 representing an increase of 39.7% and 83.6% respectively over the three years forecast period.

The Class D units of between 1,076-1,721 sq.ft. are widely distributed in Hong Kong, and include some units of mid-end quality. Class E units (over 1,722 sq.ft.) tend to be available only in premium locations and in very high-quality developments. In addition, the supply of Class E units is very limited. For these reasons, it is anticipated that Class D units may fall slightly in price in 2012 given the uncertainty in the residential market, while Class E units will command an even greater premium in the coming three years as demand from local and Mainland Chinese buyers continues to chase a very limited supply.

Figure 2.5.3 Average Rentals

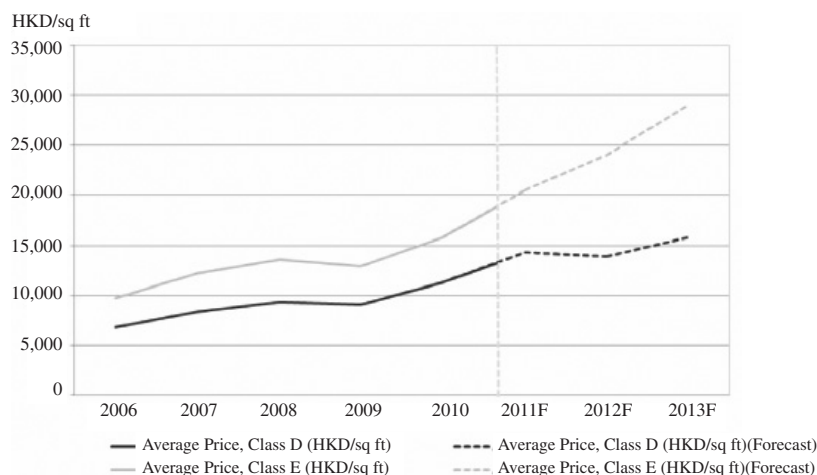


Source: DTZ, September 2011

Note: Class D — 1,076 — 1,721 square feet

Class E — 1,722 square feet and above

Figure 2.5.4 Average Prices



Source: DTZ, September 2011

Note: Class D — 1,076 — 1,721 square feet

Class E — 1,722 square feet and above

#### 2.5.4 General Market Outlook and Potential Opportunities

The increasing popularity of Kowloon as a luxury residential area is expected to continue in the long term. In addition to the well-established low-density luxury residential areas in Kowloon (including Kowloon Tong and Ho Man Tin), high-density luxury residential areas in Kowloon are emerging around the West Kowloon reclamation and the Kai Tak development. Developers are testing the market for higher quality products elsewhere in the Kowloon peninsula, which have traditionally been working class districts. Traditional luxury areas in the New Territories, including Clearwater Bay and Tai Po continue to remain attractive for buyers seeking larger living areas or detached houses. Nevertheless, Hong Kong Island is expected to remain the preferred luxury residential location for the most elite residential area in Hong Kong due to the lack of available land for development, the proximity to key business districts and the prestige which has long been attached to areas such as The Peak, Island South and Pok Fu Lam. Areas such as mid-levels and Happy Valley, with their proximity to the CBD and key services, will remain popular with aspirational professionals.

### 3.0 CHINA

#### 3.1 Macro-economic and Demographic Overview

Figure 3.1 Key Economic Indicators for China

	2006	2007	2008	2009	2010	2011F	2012F	2013F
<b>GDP at current market prices (RMB Billion)</b> .....	21,631.4	26,581.0	31,404.5	34,090.3	40,120.2	44,727.57	48,581.8	54,299.6
<b>Real GDP Growth Rate (%)<sup>(1)</sup></b> .....	12.7	14.2	9.6	9.2	10.4	8.8	8.3	9.2
<b>Per Capita GDP at current prices (RMB)</b> .....	16,499.7	20,169.5	23,707.7	25,607.5	29,991.8	NA	NA	NA
<b>Utilised FDI (USD 100 Million)</b> .....	630.2	747.7	924.0	900.3	1,057.0	1,164.0	1,242.0	1,340.1
<b>CPI (%)</b> .....	1.5	4.8	5.9	-0.7	3.3	5.5	3.3	3.0
<b>Retail Sales Growth (%)</b> .....	13.7	16.8	21.6	15.5	23.3	6.2	8.2	9.5
<b>Domestic and Overseas Tourist Arrivals (100 thousand persons)</b> .....	15,189.4	17,418.7	18,420.3	20,284.8	22,367.6	NA	NA	NA

Source: National Bureau of Statistics of China, Economist Intelligence Unit, CEIC Data

Note: (1) Calculated at constant prices

China's economy continued to be remarkably resilient in the face of the global economic instability seen over the past 6 to 12 months. In 2010, China recorded a double digit GDP growth, mainly driven by the Government's fiscal stimulus package and investment in fixed assets and infrastructure. As the global economy continues to be in a correction phase, China's economic growth is likely to slow down somewhat but remain strong, driven by the robust growth in secondary industry and that of foreign direct investment. Consensus forecasts for economic growth from 2011 and beyond are at an annual growth of over 8.0%. Although the growth rate is below the double digit rates experienced in 2010 and the 1990s to the early years of this century, it is healthy as the growth continues off a larger base as China's economy matures.

Retail sales have continued to record strong growth, mainly contributed by the Chinese government's policies to stimulate domestic consumption, and the continued urbanisation in China. The propensity to consume by urban households is higher than that of the rural households. In 2010, per capita disposable income of urban households reached RMB19,109, which was three times greater than that of rural households of RMB5,919. The growing urban population in China, therefore, is expected to continue to support growth in retail sales in China. Furthermore, rising discretionary spending in tandem with income growth will lead to higher demand for a wider choice of product types and retail destinations.

With the operation and construction of High Speed Rail (HSR) in China, accessibility between cities will continue to improve, which will facilitate the expansion and maturation of office and retail markets in second and third tier cities. This will in turn help to enhance the uniqueness and strategic importance of traditional first tier cities such as Beijing, Shanghai and Guangzhou, thereby raising rental rates and capital values in the real estate market of these first tier cities.

**Figure 3.2 Visitor Arrivals for Selected Cities**

Year	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
<b>Visitors Arrivals (000)</b>	<b>Domestic Visitors</b>					<b>Overseas Visitors</b>				
Beijing .....	132,000.0	142,800.0	141,810.0	162,570.0	179,000.0	3,902.9	4,355.0	3,790.0	4,125.0	4,901.0
Shanghai .....	96,840.0	102,100.0	110,060.0	123,610.0	214,630.0	6,056.7	6,655.9	6,403.7	6,289.2	8,511.2
Guangzhou										
(Overnight) .....	23,957.8	27,274.0	29,162.6	32,861.2	36,915.8	5,642.3	6,113.3	6,124.8	6,894.0	8,148.0
Chengdu .....	40,037.1	42,536.3	41,054.0	55,059.7	67,383.0	579.7	785.6	500.3	588.7	802.0

Source: Beijing Municipal Bureau of Statistics, Shanghai Municipal Bureau of Statistics, Guangzhou Municipal Statistics Bureau, Chengdu, Sichuan Province Bureau of Statistics.

Chengdu is a popular destination for both Chinese and foreign visitors, as reflected in the figures in Figure 3.2 above, due to the rich and unique tourism resources of the city and surrounding region. Beijing, being the capital city of China, is another favourite destination for tourists. With Shanghai as the country's financial hub, and Guangzhou an important destination for international purchasers, these two cities attract a higher proportion of international visitors. The rapid visitor growth in the above four cities from 2006 to 2010 has boosted the hotel and retail industry directly.

**Figure 3.3 Key Demographic Profiles for China**

	2006	2007	2008	2009	2010	2011F	2012F	2013F
Per Capita Disposable Income (Urban Households, RMB/yr) .....	11,759.5	13,785.8	15,780.8	17,174.7	19,109.4	20,731.7	22,307.3	N/A
Per Capita Expenditure (Urban Households, RMB/yr) .....	8,697.0	9,997.0	11,243.0	12,264.6	13,471.0	13,619.2	14,490.9	N/A
Urban Population (Million)...	582.9	606.3	624.0	645.2	669.8	685.0	705.0	N/A

Source: National Bureau of Statistics of China, Economist Intelligence Unit

Disposable income in China has continued to grow strongly and this has underpinned the development of the retail sector in the country. As the nation becomes wealthier, the composition of its population's retail spending will continue to shift away from a heavy weighting towards food, to a more balanced consumption model. This shift in consumption pattern towards discretionary spending is expected to continue as incomes continue to grow.

Over the years, the steady growth in income has generated a large group of middle income population in first tier cities like Beijing, Shanghai and Guangzhou. Generally, this middle income group has helped to support growth in discretionary spending.

While total consumption expenditure per household has been growing rapidly overall, there remains substantial differences in the consumption capacity by region. Generally, the coastal provinces, especially around the Pearl River Delta, Yangtze River Delta and Beijing have the highest household expenditure levels. In addition, the proportion of discretionary spending is higher in these areas than in the less developed parts of the country.

Nevertheless, many second tier cities such as Chengdu have experienced rapid economic growth over the past few years, and have outperformed first tier cities in terms of their growth rate in per capita disposable income and per capita consumption expenditure.

It is likely that the major cities of the Pearl and Yangtze River Deltas, led by Guangzhou and Shanghai respectively, will soon approach the income levels of middle income countries, and by some measures, may already have reached this standard. For Shanghai, in particular, this suggests that consumption patterns will approximate those of middle classes across the advanced emerging economies. In particular, the propensity to spend on travel and related services, and housing purchases is likely to grow strongly. While the city's transformation into a truly global financial service centre may be some time away, it seems destined to become the primary commercial and financial centre for China, and will continue to attract talented young people and global companies to the city, and as such the long term prospects for the city are very promising.

For Guangzhou, the key centre for the "World's Factory" in the Pearl River Delta, the switch away from export-oriented development will mean some painful restructuring. Many migrant workers have already left the city as factories reliant on export have scaled back production. Nevertheless, as an industrial powerhouse, the city will benefit from the shift in focus towards domestic spending as the major economic growth engine. The opening of more high-end real estate projects with retail components in Pearl River New Town CBD will help drive the future luxury retail market in the city. The increasing integration with Hong Kong and Macau will also aid the city's continued transformation into one of the key cities exerting major economic influence in China.

With the northern provinces, centred around the Bohai Gulf, catching up quickly with the south-eastern provinces, Beijing is set to benefit from its access to these areas, where GDP growth is above the national average. As the national capital, Beijing has traditionally been a centre for educational institutions, government organisations and cultural facilities, which play an important role in attracting highly educated people to the city. In addition, the relatively large level of stable government expenditure in Beijing helps to smooth out some of the economic peaks and troughs which may affect other regions.

## **4.0 CITY REPORT: BEIJING**

### **4.1 City's characteristics**

Beijing is the capital city of China and is the largest city in North China. Beijing is the cultural and political centre of the country with all Central Government's Headquarters, State Committee's Headquarters and Ministries stationed there.

Beijing's economy has grown robustly, over a sustained period and in 2010 the economy grew by 10.3% to RMB1,411.4 billion. This growth is primarily a result of the expansion of Beijing's tertiary service sector. With the continued growth in fixed asset investment (FAI) and utilised FDI, and with policy regulations tightening the residential sector, Beijing's commercial property sector will represent a relatively good investment opportunity. The above will generate demand for Grade A office space and high quality serviced apartments in the coming years.

**Figure 4.1.1 Beijing Economic Indicators**

<b>Indicator</b>	<b>Period</b>	<b>Unit</b>	<b>Value</b>	<b>Y-o-Y* Change (%)</b>
GDP at current market prices .....	2010	RMB Billion	1,411.4	10.3
Tertiary Service Sector GDP .....	2010	RMB Billion	1,060.1	9.1
Disposable Income Per Capita.....	2010	RMB	29,073.0	8.7
FDI Utilised.....	2010	USD Billion	6.4	4.0
Fixed Asset Investment .....	2010	RMB Billion	549.4	13.1
CPI (%) .....	2010	—	102.4	2.4
Visitor Arrivals .....	2010	Million	184.9	10.3

Source: Beijing Municipal Bureau of Statistics

\* Refers to the year on year change of the stated period in the table.

Retail sales growth grew from a rate of 15.7% in 2009 to 17.3% in 2010, indicating strong internal consumption demand. The consumption expenditure structure of urban households has also become more sophisticated, evident in a shift from necessity shopping to discretionary shopping over the past decade. This strong retail demand has been supported by a continued growth in disposable income per capita of urban households, which increased from RMB24,725.0 in 2008 to RMB29,073.0 in 2010, a 17.6% growth over the period. In 2010, the disposable income per capita reached RMB29,073.0 per person, only RMB2,765 short of that in Shanghai during the same period, which remains the benchmark city in China. With a relatively large and increasingly mature tertiary service sector, disposable income per capita is expected to continue to increase. The growing consumption power in Beijing, increased propensity of people to spend and changing consumer behaviour will further drive consumption expenditures in luxury goods and consumption goods which aim to improve living standards.

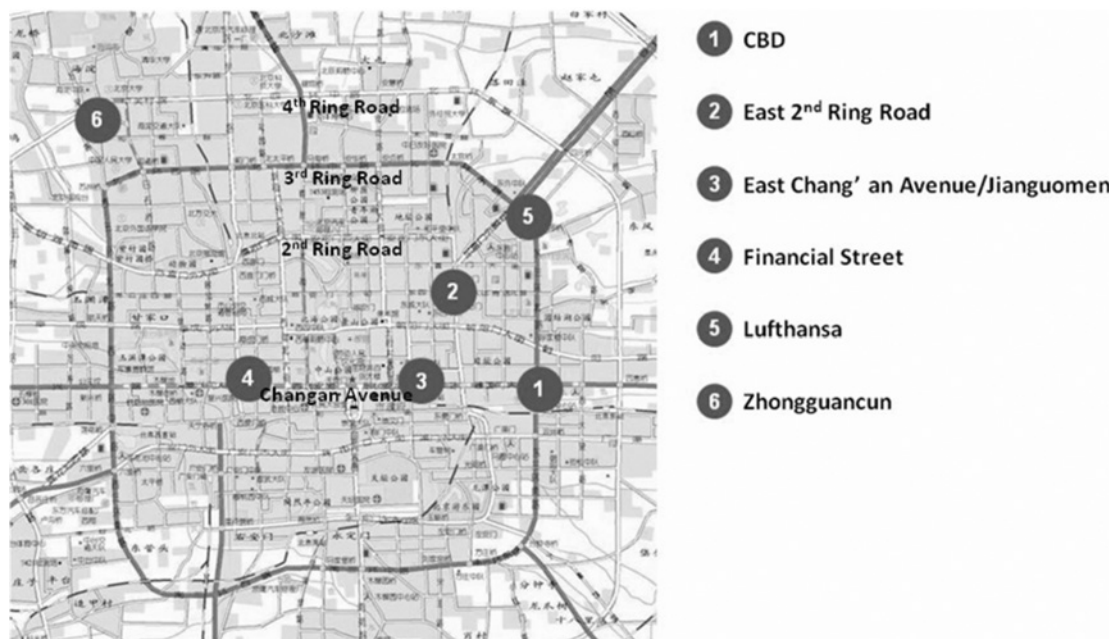
The future development of Beijing's subway network is one of the major infrastructure improvements that will increase the city's accessibility and mobility of people living in the outer suburbs to and from the city centre. This improved mobility will mean larger catchment areas and more opportunities for businesses located at prime locations. 14 subway lines are already under operation in Beijing and an additional five lines are under construction.

## **4.2 Grade A Office Space**

### **4.2.1 Stock Distribution of Major Business Districts**

There are currently six major office precincts in Beijing located within the Third Inner Ring Road, generally known as the city core of Beijing. The total Grade A office stock located within the Third Inner Ring Road amounted to 6.5 million sq.m. in GFA as at Q2 2011 (refer to Figure 4.2.1).

Figure 4.2.1 Major Office Districts in Beijing



Source: DTZ, September 2011

Figure 4.2.2 Beijing Grade A Office Market as at Q2 2011

District	Total Stock (sq.m., GFA)	Effective Rent (RMB/sq.m./month)	Q-o-Q (Q1/Q2 2011) Rent Change (%)
CBD .....	2,307,473	216.6	8.1
East 2nd Ring Road .....	360,465	204.8	10.6
East Chang'an Avenue/Jianguomen.....	825,106	197.8	14.6
Financial Street.....	1,011,548	241.7	7.0
Lufthansa .....	609,525	194.6	11.0
Zhongguancun.....	756,723	164.9	13.2
Others.....	667,431	—	—
<b>Overall.....</b>	<b>6,538,271*</b>	<b>205.0</b>	<b>9.4</b>

Source: DTZ

\* Includes Grade A Offices located outside the defined boundaries of the above six major office precincts but located within the Third Inner Ring Road.

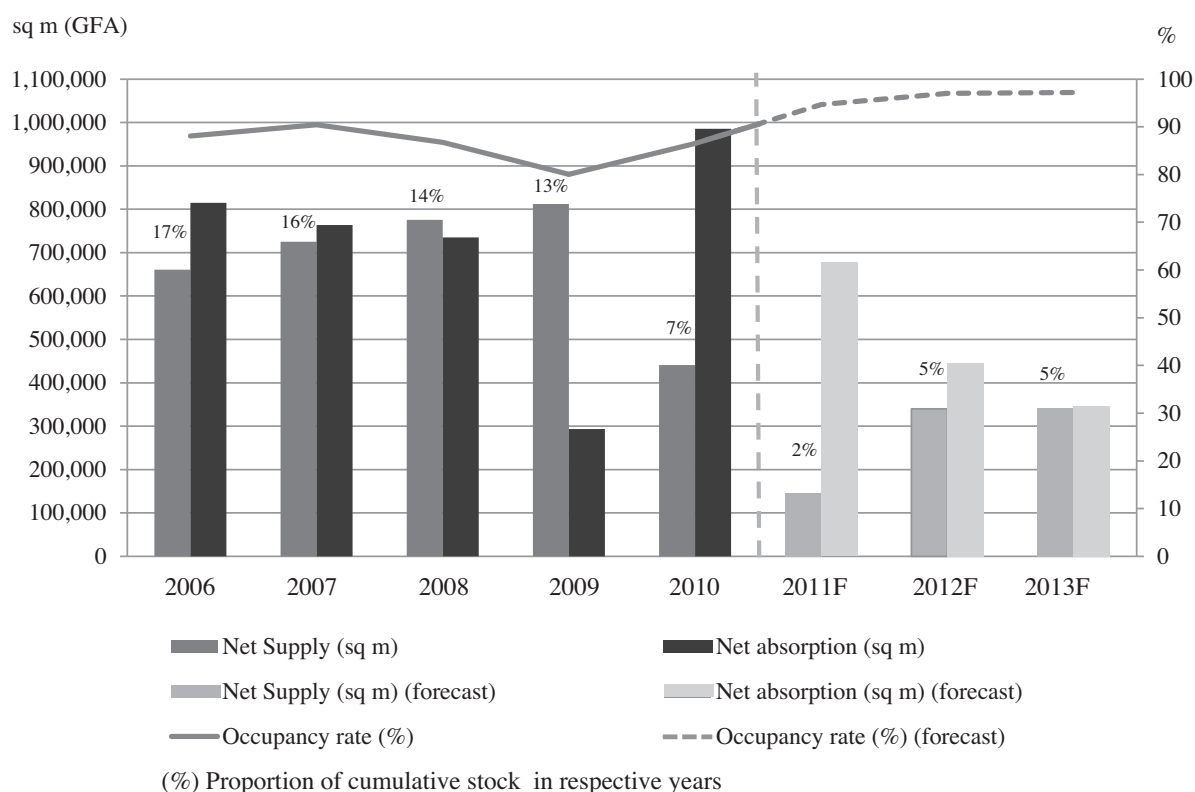


4.2.2 Supply, Demand, and Occupancy

Despite the impact from the global financial crisis from 2008 onwards, the economy in China recovered quickly, with strong growth from the second half of 2009. As a result, demand for Grade A office in Beijing space reached a record high in 2010, as large domestic companies were expanding their office scale and more Multi National Corporations (MNCs) entered Beijing for new business opportunities. Demand for Grade A office space is expected to continue to remain strong in the coming years and a situation of demand exceeding supply will occur in the coming 2 years as future supply of Grade A office space will be limited.

In particular, approximately 0.8 million sq.m. (GFA) of Grade A office space will enter the market between 2011 to 2013, of which 146,783.0 sq. m. or 17.7% would have been launched by the end of 2011. The limited amount of new supply in 2011 will intensify the competitions for Grade A office space in the same year, as demand is expected to be four times greater than this new supply. The occupancy rate is therefore expected to increase to 94.7% in 2011, and further increase to 97.2% in 2013. In terms of distribution of location of future Grade A office supply, the majority (73.2%) will be concentrated within the CBD office precinct.

Figure 4.2.3 Grade A Office Supply, Demand and Occupancy



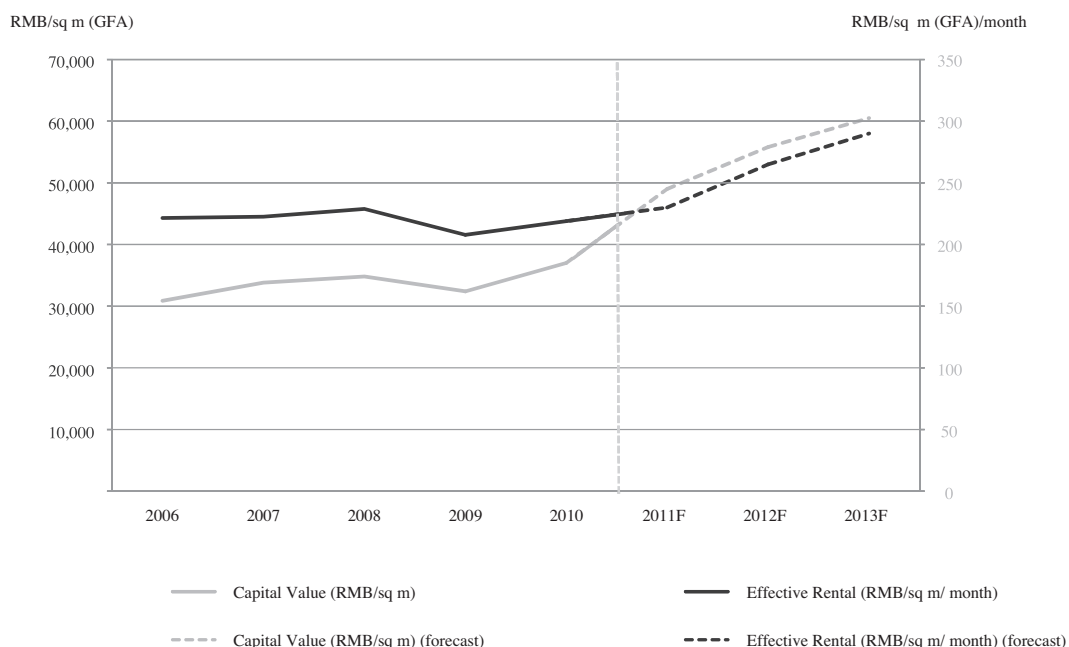
Source: DTZ, September 2011

4.2.3 Rental and Capital Values

Due to growing demand and relatively low future supply, there will be limited available office space in the Beijing Grade A office market in coming years. Intensive competition among occupiers for high-quality Grade A office spaces will turn the Grade A office market in Beijing into a landlord’s market. Rental rates will be boosted up progressively as a result of the growing occupier demand and landlords will be able to select high-quality tenants to enhance the positioning of their projects.

The positive outlook for China’s economy and the high expectation for the office market from domestic and foreign investors, combined with limited future supply, will increase Grade A office’s capital values and rental rates in the longer term. Capital values are expected to grow at a faster rate than rental rates in the coming few years. Gross yield is anticipated to fall from 7.1% in 2010 to an average of around 5.7% for the coming three years.

Figure 4.2.4 Grade A Office Effective Rental & Capital Value



Source: DTZ, September 2011

4.2.4 General Market Outlook and Potential Opportunities

Beijing’s economy has recovered quickly from the global financial crisis, with strong growth from the second half of 2009. As a result, the Grade A office market will meet with strong demand from large domestic companies and MNCs, who will continue to drive Grade A office rental rates and capital values in the coming few years. Occupancy will remain at a high level over the next three years as a result of low new supply volume and the large volume of supply in 2009 having already largely been absorbed by the market.

In addition, tightening of regulations over the residential property market has caused property investors to diversify their investment risk to the commercial property market. Hence, capital values of Grade A office are expected to grow at a faster pace than rental rates in the coming three years.

### 4.3 Prime Retail

#### 4.3.1 Stock Distribution and Characteristics of Major Retail Districts

At present, there are nine main retail precincts in Beijing serving the main urban area of the city, with a total prime retail stock of approximately 4.2 million sq.m. in NFA as at Q2 2011. Six of these precincts are located on or within the Third Ring Road, while the Fourth Ring Road encompasses all the major retail districts (see Figure 4.3.1). The most prominent projects are found in the five core districts, namely: the CBD, Wangfujing, Xidan, Lufthansa and Sanlitun areas.

Figure 4.3.1 Major Retail Districts in Beijing



Source: DTZ, September 2011

Figure 4.3.2 Beijing Prime Retail Statistics as at Q2 2011

District	Total Stock (sq.m., NFA)	Asking Rental Range (RMB/ sq.m./month)
Asian Games Village.....	96,800	250-750
CBD .....	344,800	1,200-2,000
Chaowai.....	132,000	500-800
Lufthansa.....	180,800	800-1,200
Sanlitun .....	167,040	800-1,200
Wangfujing/East Chang'an Avenue .....	336,000	1,200-3,000
Wangjing .....	335,200	400-700
Xidan.....	88,000	1,200-2,000
Zhongguancun.....	442,400	400-700
Others.....	2,083,680	—
<b>Overall.....</b>	<b>4,206,720*</b>	—

Source: DTZ

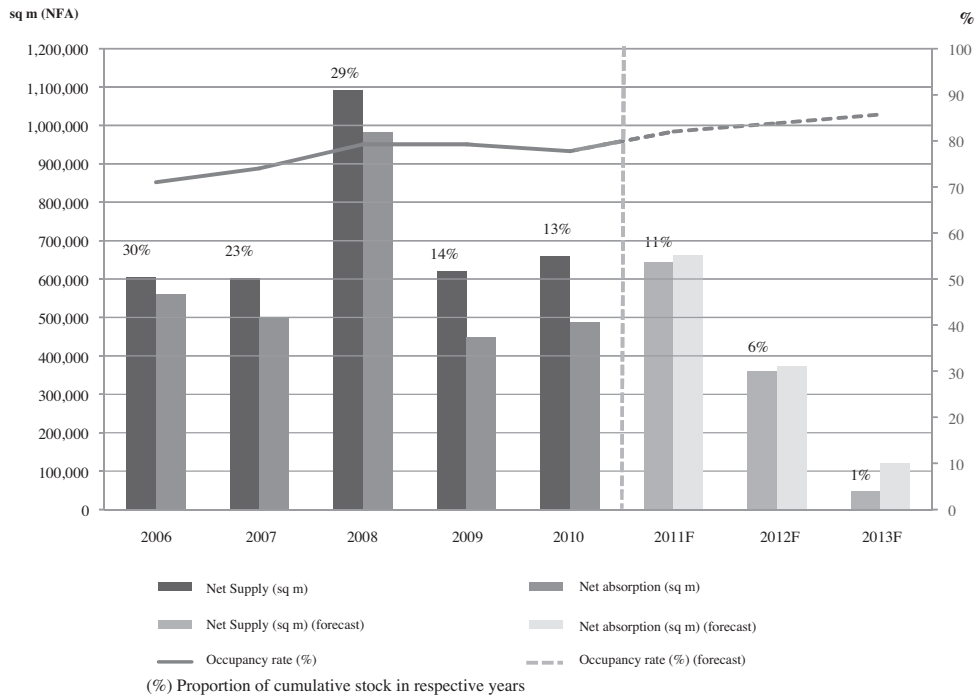
\* Includes prime retail projects associated with the above nine retail districts despite being located outside their defined boundaries.

#### 4.3.2 Supply, Demand, and Occupancy

Both new supply and demand in 2009 fell from that of 2008, however they recovered quickly in 2010, with most new stock being absorbed in the year of completion, showing an overall positive market environment. For future supply, it is estimated that a total of 1.1 million sq.m. in NFA of prime retail space will enter Beijing over the next three years, of which only 48,000 sq.m. of NFA will be launched into the market in 2013, accounting for 1% of the future total stock of the same year. The majority of the new prime retail projects will be located in suburban areas, with only approximately 20.0% of total new supply to be located in the core city area. While there is the possibility that more projects will be approved in the future, the growth rate of new supply will slow down and the focus on developing the retail market in outer suburban areas will continue.

Demand for retail space has experienced steady growth since the end of 2009, reflecting confidence in the retail market in Beijing. This trend is expected to continue in the coming years, accompanied by rising occupancy rate due to moderate rental growth and improving retail business. The situation of competition among retailers for limited prime retail spaces will become evident beyond 2011 due to limited new supply. This trend will help push the occupancy rate to 85.7% in 2013, as malls in the suburban areas are gaining popularity with retailers due to rapid urbanisation and good business prospect while inner city retail districts have established good track records of attracting tenants.

Figure 4.3.3 Prime Retail Supply, Demand, and Occupancy

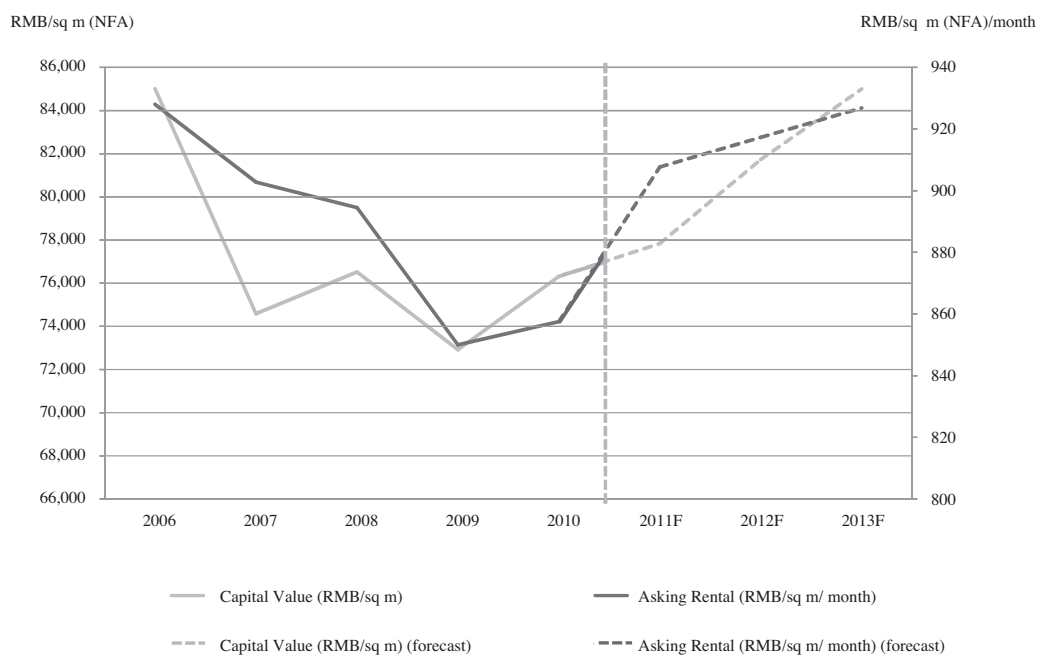


Source: DTZ, September 2011

### 4.3.3 Rental and Capital Values

Benefitting from the recovery from the global financial crisis in 2008 and rapid economic growth in China, both rental rates and capital values recovered in 2010. The consumer spending power in Beijing will continue to grow and there is an increasing demand for prime retail spaces within modern shopping malls in the city. Given the above strong driving forces, rental rates are anticipated to continue to grow over the next few years, reaching 2006 levels by 2013. Capital values are also expected to increase because of the high expectation from investors that the retail market will outperform the residential market in the coming years. Gross yield is expected to be on an average of 13.0% in the coming three years.

Figure 4.3.4 First Floor Asking Rental & Capital Value for Prime Retail



Source: DTZ, September 2011

4.3.4 General Market Outlook and Potential Opportunities

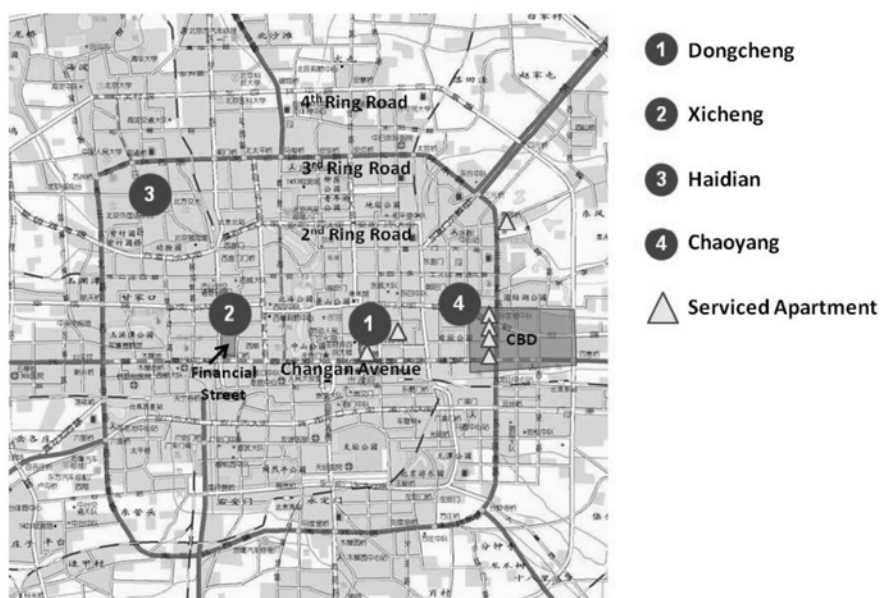
The impact from the global financial crisis on Beijing was relatively mild compared to other global cities, and the fast growth in consumer spending will continue to help to attract more international brands to enter the city. In particular, growth in consumer spending is supported by the city’s growing urban population. As a result of residential property market restriction regulations and controls in recent years, property developers and investors have switched their investment focus from the residential market to the retail property market. The limited supply of new retail space, especially in traditional retail precincts and strong demand amid improving economic conditions will drive increases in both the capital values and rental rates.

## 4.4 5-star Hotel and Serviced Apartment

### 4.4.1 Stock Distribution

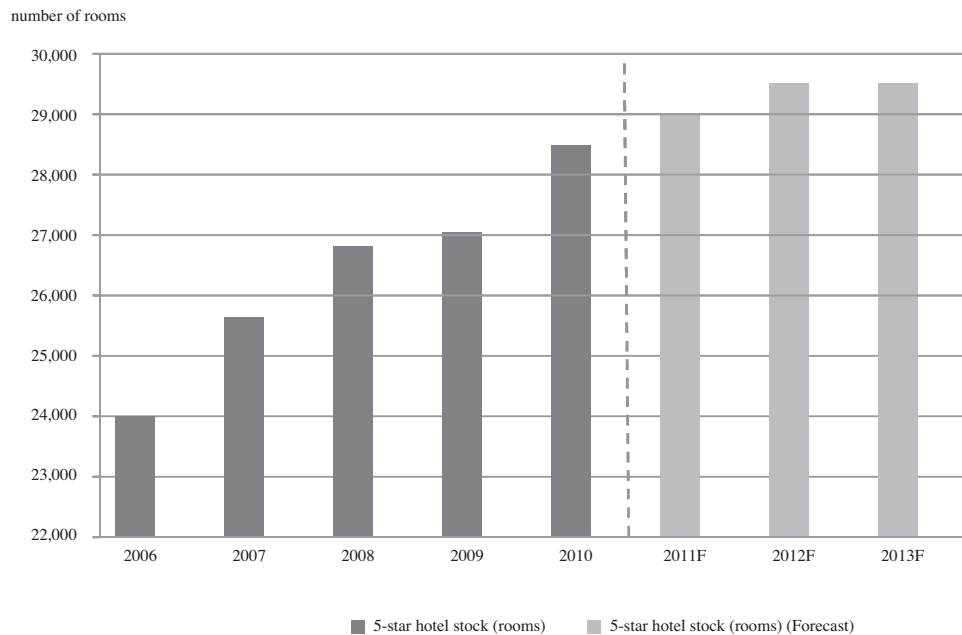
As at the end of Q2 2011, there were 64 5-star hotels supplying a total of 29,016 5-star hotel rooms in Beijing (refer to Figure 4.4.2). Eight of these 5-star hotels also supplied a total of 2,167 serviced apartment units. Though Chaoyang district has the highest concentration of 5-star hotels in Beijing, the district only accounts for 15.1% of the total hotel rooms in Beijing as the hotels are relatively small in size. Dongcheng district has the second highest concentration of 5-star hotels and accounts for the largest share (39.3%) of Beijing's hotel rooms, as the district is the traditional hotel area where major hotels are located. The majority of the 5-star hotels with serviced apartment components are concentrated within and around the CBD area.

Figure 4.4.1 Major 5-star Hotel Precincts in Beijing



Source: DTZ, September 2011

Figure 4.4.2 Cumulative stock of Beijing's 5-star Hotels



Source: DTZ, September 2011

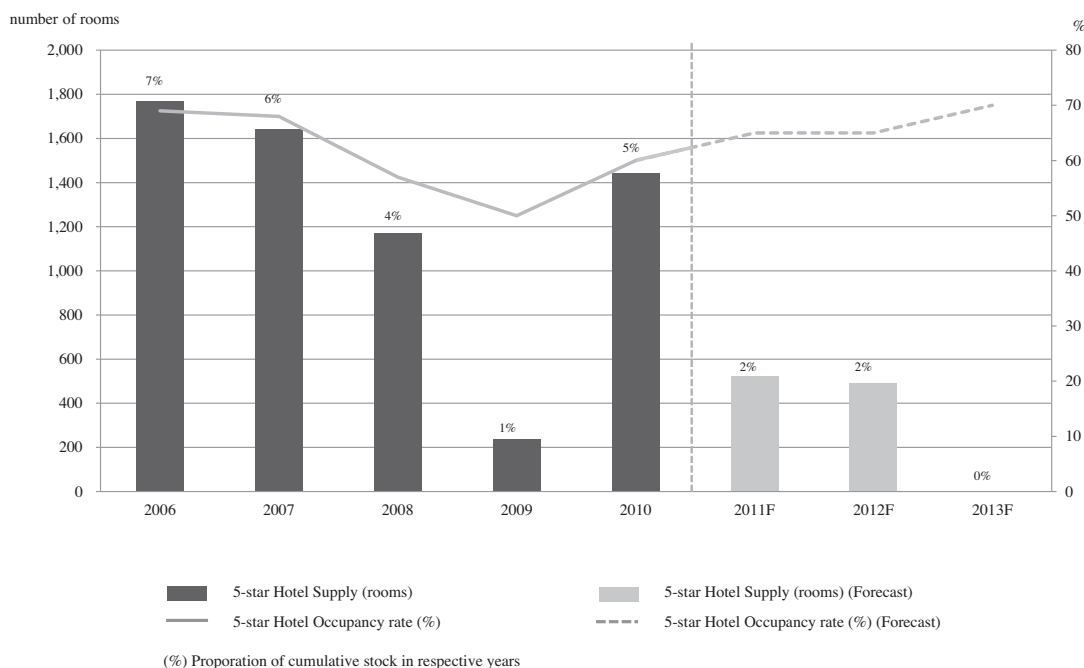
#### 4.4.2 Supply, Demand, and Occupancy

Four 5-star hotels were opened in 2010, contributing 1,445 of new 5-star hotel rooms. In addition, two more 5-star hotels are expected to be opened by the end of 2011, supplying 525 new 5-star hotel rooms.

With the economy recovering, both demand and occupancy have recorded rapid rise amidst increased supply since 2009. In particular, the occupancy rate increased from 50.0% in 2009 to 60.0% in 2010. As there will be limited future supply of 5-star hotels in Beijing in the coming years (only 491 5-star hotel rooms will be completed in 2012 with zero new supply in 2013), the occupancy rate of existing 5-star hotels is anticipated to increase and return to the 70.0% level in the coming years. Future demand will mainly come from domestic tourists as well as international business travellers.



Figure 4.4.3 5-star Hotel Supply and Occupancy



Source: DTZ, September 2011

The serviced apartment market, which has been heavily reliant on expatriates working for MNCs, increased from a relatively low occupancy rate of 78.0% in 2009 to 82.0% in 2010 as a result of the recovery from global financial crisis when more MNCs were attracted to Beijing for new business opportunities and expansion of their operations.

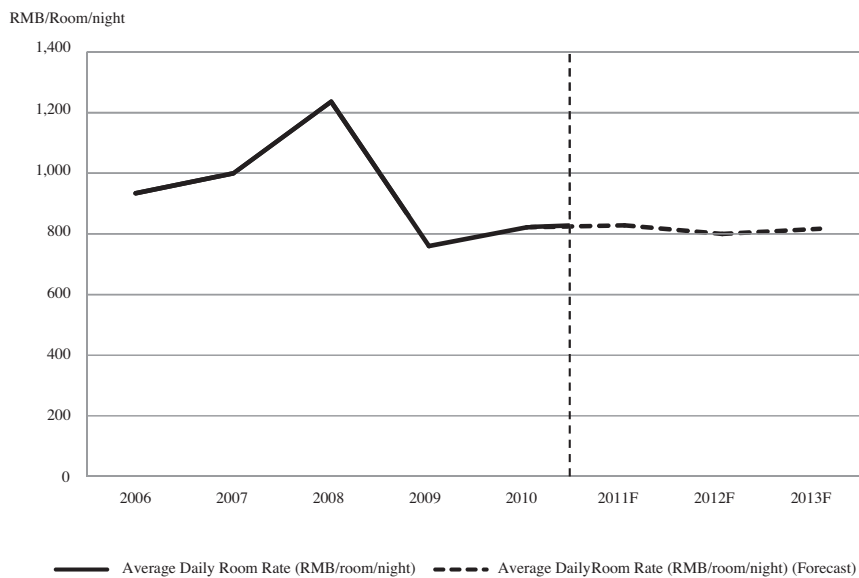
It is worth noting that only two new serviced apartment projects were launched into the market in 2010, supplying a total of 408 units. No formal plans have been announced by any internationally known hotel groups to provide 5-star serviced apartments in the coming few years and it is anticipated that occupancy in the serviced apartment market in Beijing will return to above 88.0% in the future, due to product scarcity, small market size and limited or no new supply in the future.

4.4.3 Hotel Room Rate and RevPAR

Both the average daily room rate and RevPAR for 5-star hotels have increased from RMB760.0/room/night and RMB380.0/room/night respectively in 2009 to RMB822.0/room/night and RMB493.0/room/night respectively in 2010 in response to the growing demand of 5-star hotel due to improving economy. In Q1 and Q2 2011 average daily room rates were RMB794.0/room/night and RevPAR was RMB477.0/room/night, respectively.

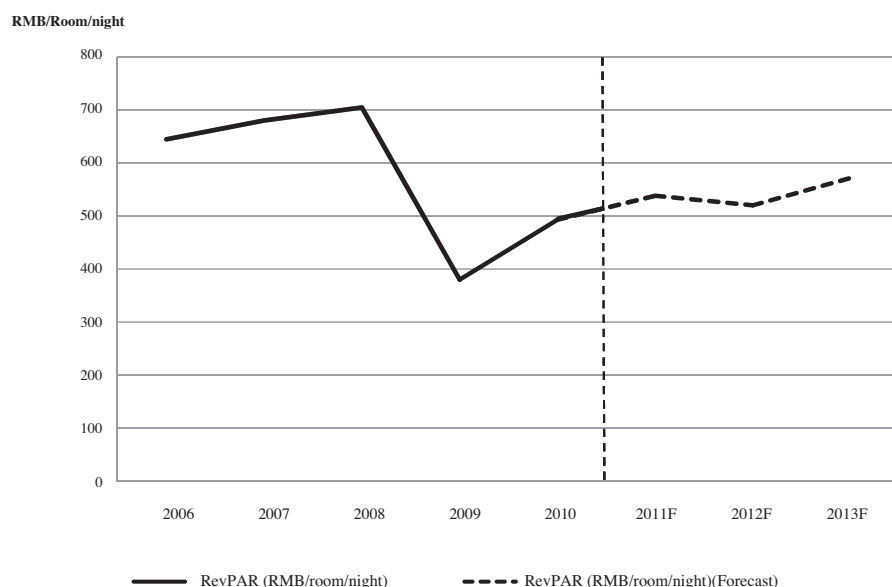
It is anticipated that average daily room rates will remain steady while RevPAR will rise at a faster rate, in tandem with the growing occupancy rate.

Figure 4.4.4 Average Daily Room Rate of 5-star Hotel



Source: DTZ, September 2011

Figure 4.4.5 RevPAR of 5-star Hotel



Source: DTZ, September 2011

For the serviced apartment market, the rental increased to RMB195.0/sq.m./month in 2010 from RMB153.0/sq.m./month in 2009, due to the new opening of Legendale Hotel Beijing in 2010 with average room rate at RMB356.0/sq.m./month, pushing up the city average rental. Both rental rates and occupancy of serviced apartments continued to rise into 2011, registering rental rates and occupancy of RMB209.0/sq.m./month and 88.0% respectively as at end of Q2 2011. Due to limited future supply and product scarcity, it is expected that serviced apartment rental rates will continue to increase in the coming three years.

#### 4.4.4 General Market Outlook and Potential Opportunities

The limited future supply of 5-star hotels and serviced apartments in Beijing will continue to increase occupancy and rental rates performance of hotels and serviced apartments in Beijing. As the economy in China continues to grow, it is anticipated that the occupancy of 5-star hotel and serviced apartment markets will return or even exceed their historic peak levels considering the positive outlook for tourist arrival numbers and the constantly rising spending propensity of domestic travellers.

## 5.0 CITY REPORT: SHANGHAI

### 5.1 City's Characteristics

Shanghai is an international financial centre and shipping hub of China. Due to its strategic location, growth as a commercial centre and supportive government incentives, Shanghai has emerged in recent years as a top choice among MNCs for the location of their Asia-Pacific and/or Chinese headquarters.

Over the past few years, Shanghai has entered into a mature phase in its economic cycle, with relatively stable growth and a large tertiary service sector. The GDP growth in Shanghai increased from 8.2% in 2009 to 9.9% in 2010. The city's robust growth combined with Shanghai's international city status and the hosting of World Exposition 2010 Shanghai, China has helped to attract MNCs and drive demand for high quality office and hotel space.

Shanghai's retail sales increased rapidly between 2006 and 2010, with an average annual growth rate of over 17.8%. The growth in Shanghai's retail sales is expected to continue in 2011, supported by a sustained double digit growth rate in disposable income per capita since 2006. Disposable income per capita in Shanghai reached RMB31,838.0 in 2010, which is the highest in China, and 1.67 times greater than that of China's average. In addition, Shanghai's consumption expenditure structure of urban households has gradually shifted from necessity shopping to increasing discretionary shopping over the past decade. The growing consumption power in Shanghai and people's increasing propensity to spend, changing consumer behaviour and better shopping environments will further drive consumption expenditures on luxury goods and consumption goods which aim to improve living standards.

Similar to Beijing, the city's major future infrastructure improvement projects that will affect the prime real estate areas will be the subway system. Eleven lines are currently in operation and seven more are planned to be operational by 2015. The opening of new lines will increase the convenience for people to travel to and shop in the city core areas, thereby lifting demand for prime real estate spaces located near subway stations.

**Figure 5.1.1 Shanghai Economic Indicators**

Indicator	Period	Unit	Value	Y-o-Y* Change (%)
GDP at current market prices .....	2010	RMB Billion	1,716.612	10.3
Total Industry Output (above a designated size).....	2010	RMB Billion	3,000.4	23.1
Disposable Income Per Capita.....	2010	RMB	31,838.0	10.4
FDI Utilised.....	2010	USD Billion	11.1	5.5
Real Estate Investment.....	2010	RMB Billion	198.1	35.3
Composite CPI.....	2010	—	103.3	3.1
Visitor Arrivals .....	2010	Million	233.1	71.7

Source: Shanghai Statistics Bureau

\* Refers to the year on year change of the stated period in the table.

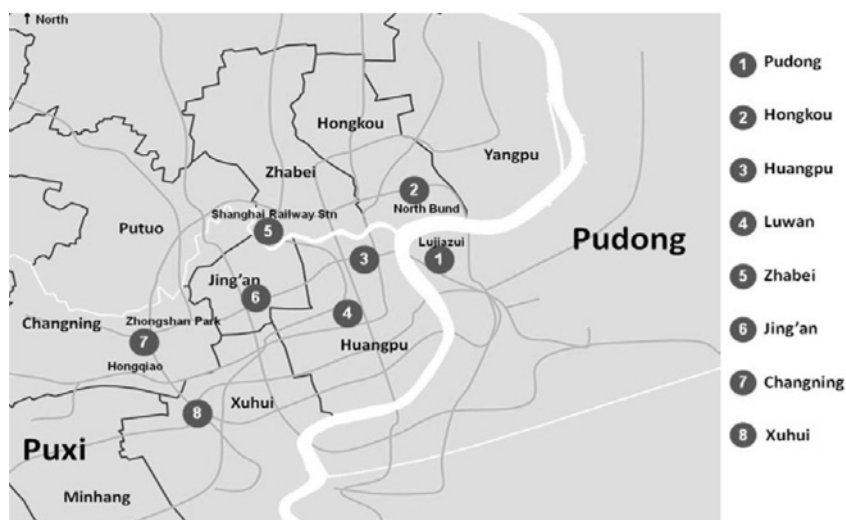
## 5.2 Grade A Office Space

### 5.2.1 Stock Distribution & Characteristics of Major Business Districts

There are currently eight major office precincts in Shanghai, scattered across Shanghai's urban core districts, with a combined Grade A office available stock of 6.4 million sq.m. of GFA as at Q2 2011. Four of these eight precincts, namely Lujiazui (also known as Pudong), Huangpu, Luwan and

Jing'an commercial hubs (refer to Figure 5.2.1), which are generally known as the Central Business District (CBD), contain the highest concentration of Grade A offices, contributing approximately 53.8% of total Grade A office space in Shanghai.

Figure 5.2.1 Major Office Precincts in Shanghai



Source: DTZ, September 2011

Figure 5.2.2 Shanghai Grade A Office Market Statistics as at Q2 2011

District	Total Stock* (sq.m., GFA)	Average Effective Rental (RMB/sq.m./day)	Q-o-Q (Q1/Q2 2011) Rent Change (%)
Pudong .....	1,915,346	7.6	5.6
Hongkou .....	55,000	5.5	0.0
Huangpu .....	534,759	7.6	7.6
Luwan.....	412,356	9.1	9.5
Zhabei .....	111,286	5.5	10.0
Jing'an.....	580,475	9.8	8.6
Changning.....	642,287	6.6	8.3
Xuhui.....	557,306	7.7	34.0
Others.....	1,587,417	—	—
<b>Overall.....</b>	<b>6,396,232*</b>	<b>7.8</b>	<b>6.7</b>

Source: DTZ September 2011

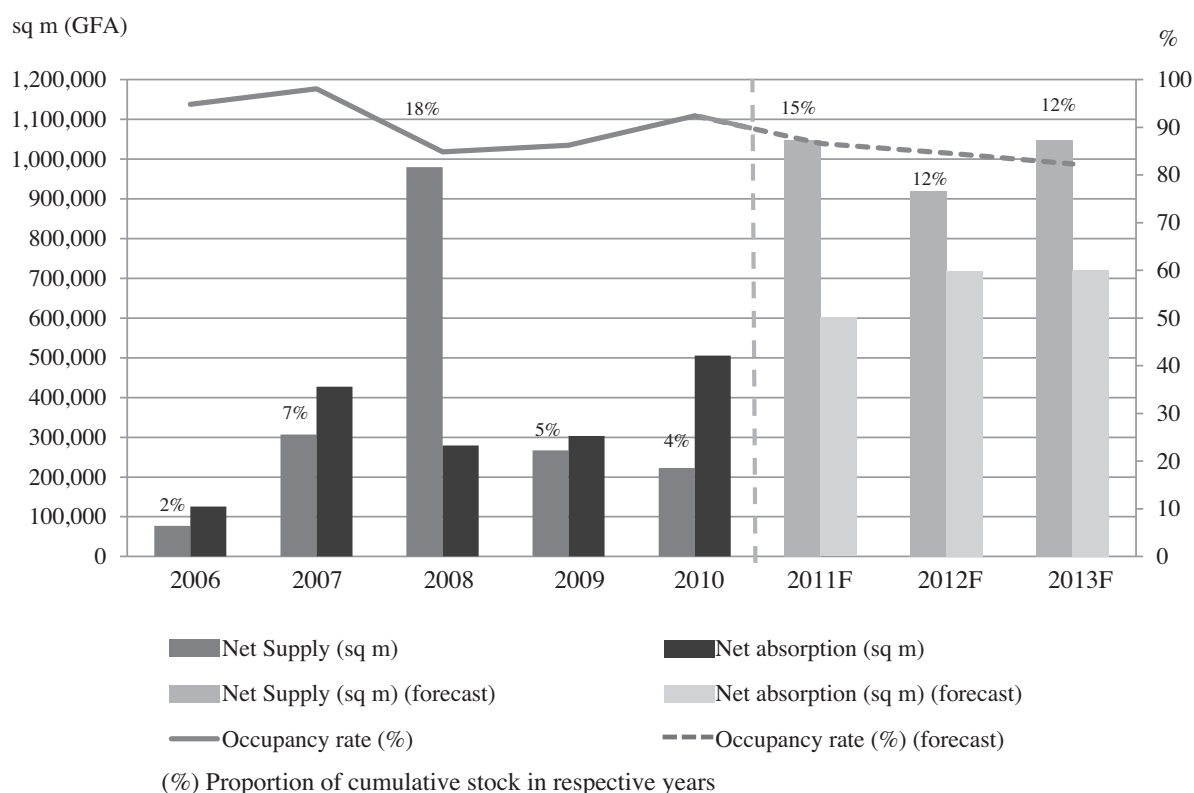
\* Includes Grade A office projects which are 100% owned and occupied by State Owned Enterprises (SOEs).

### 5.2.2 Supply, Demand and Occupancy

For 2010, new supply of Grade A office amounted to 223,137.0 sq.m. in GFA, or 4.0% of the enlarged stock in that year. This was the lowest annual supply volume since 2007 as some buildings had their completion times postponed as developers adopted a “wait-and-see” approach in 2008 as a result of the global financial crisis. This limited supply did not cater for the high demand in 2010, with a high net absorption of 505,780.0 sq.m., the highest demand level seen since 2006, reflecting that occupational demand and companies’ continued confidence in the Shanghai economy.

New supply during the first half of 2011 reached 494,179.0 sq.m. in GFA, which is higher than the annual supply in each of the previous two years. Nevertheless, it is expected that demand for Grade A office will continue to be strong due to positive sentiment and confidence among investors and businesses.

**Figure 5.2.3 Grade A Office Supply, Demand, and Occupancy**



Source: DTZ, September 2011

A total of 3.0 million sq.m. in GFA of Grade A office space will be added to the major office precincts in the next three years and a supply exceeding demand situation will occur during this period. The new supply will help to cool down the existing intensive competition for prime office spaces in the city and the occupancy rate is expected to drop from 92.4% in 2010 to 82.3% at 2013.

The majority of the future supply will be provided in Lujiazui (26.7%), followed by Hongkou (14.8%) and Luwan (14.8%). Lujiazui benefits from the emerging new business district and its planned position as the financial center of Shanghai, making it a natural choice for future supply. Supply will be relatively low in the other traditional office precincts within the CBD such as Jing’an and Huangpu due to limited land availability.

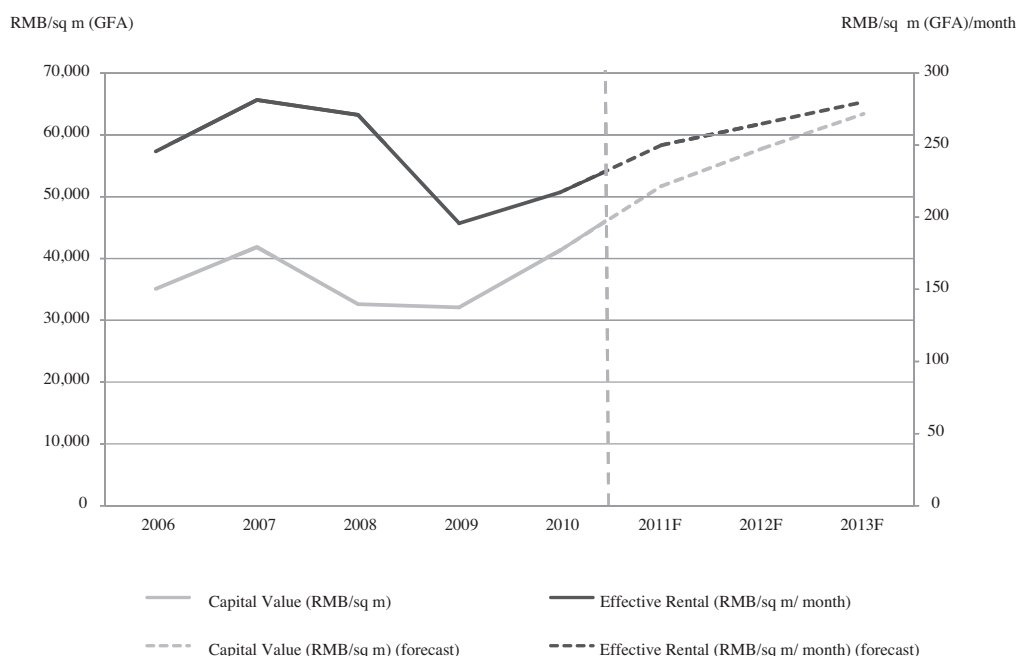
5.2.3 Rental and Capital Values

Both rental rates and the capital values of Grade A office recovered in 2010 and have further improved in first half of 2011 as Shanghai’s economy recovered from the global financial crisis, which has led to increased occupational demand. This rising demand has allowed landlords to increase rental rates and only select high-quality tenants. Jing’an district, being located in the city core, remains the district enjoying the highest rental rate and capital values, achieving an average rental of RMB298/sq.m./month as at Q2 2011, which is 25.7% higher than the city average of RMB237.0/sq.m./month.

It is anticipated that demand for Grade A office space will remain strong in the next few years due to economic growth and Shanghai’s positioning as an international finance center. Nevertheless, rental rate growth will be moderate from 2011, due to the relatively large volume of future supply coming onto the market in the coming years.

Although capital values in 2010 have returned to the peak seen in 2007 and continued to grow by 24.7% between Q4 2010 to Q2 2011, Grade A office buildings remain attractive to potential investors who are optimistic on the real estate market in Shanghai. In addition, due to the limited stock of Grade A office available for sale, it is anticipated that growth in capital values will increase at a greater rate than rental rates over the next few years. An average gross yield of 5.5% is expected over the next three years.

Figure 5.2.4 Grade A Office Effective Rental & Capital Value



Source: DTZ, September 2011

### 5.2.4 General Market Outlook and Potential Opportunities

The Shanghai economy is expected to continue to grow in the near term and demand for Grade A offices will continue to rise on the back of improving economic conditions, strong confidence among investors and businesses and the continued attractiveness of Shanghai to MNCs and other enterprises in search of high quality office space. As such, rental rates and capital values for Grade A office space are forecast to continue to rise, at a relatively steady rate, notwithstanding the large pending Grade A office supply over the next three years.

## 5.3 Prime Retail

### 5.3.1 Stock Distribution & Characteristics of Major Retail Districts

By the end of Q2 2011, there was approximately 1.5 million sq.m. in NFA of prime retail spaces located within the five key retail precincts, namely West Nanjing Road (Jing'an district); East Nanjing Road (Huangpu district); Huaihai Middle Road (Luwan district); Xujiahui (Xujiahui district); and Lujiazui (Pudong district). Pudong district is the largest area of prime retail space in Shanghai, comprising approximately 32.4% of prime retail space (NFA).

Figure 5.3.1 Key Retail Precincts in Shanghai



Source: DTZ, September 2011



Figure 5.3.2 Shanghai Prime Retail Statistics as at Q2 2011

District	Total Stock (sq.m., NFA)	Average First Floor Asking Rental (RMB/ sq.m./day)	Q-o-Q (Q1/Q2 2011) Change in Rent (%)
Pudong .....	485,902	41.4	1.0
Nanjing East Road .....	288,102	57.4	0.6
Huaihai Middle Road .....	300,234	46.6	0.8
Nanjing West Road .....	228,716	78.5	0.0
Xujiahui.....	196,000	58.8	0.9
<b>Overall.....</b>	<b>1,498,954</b>	<b>55.0</b>	<b>0.7</b>

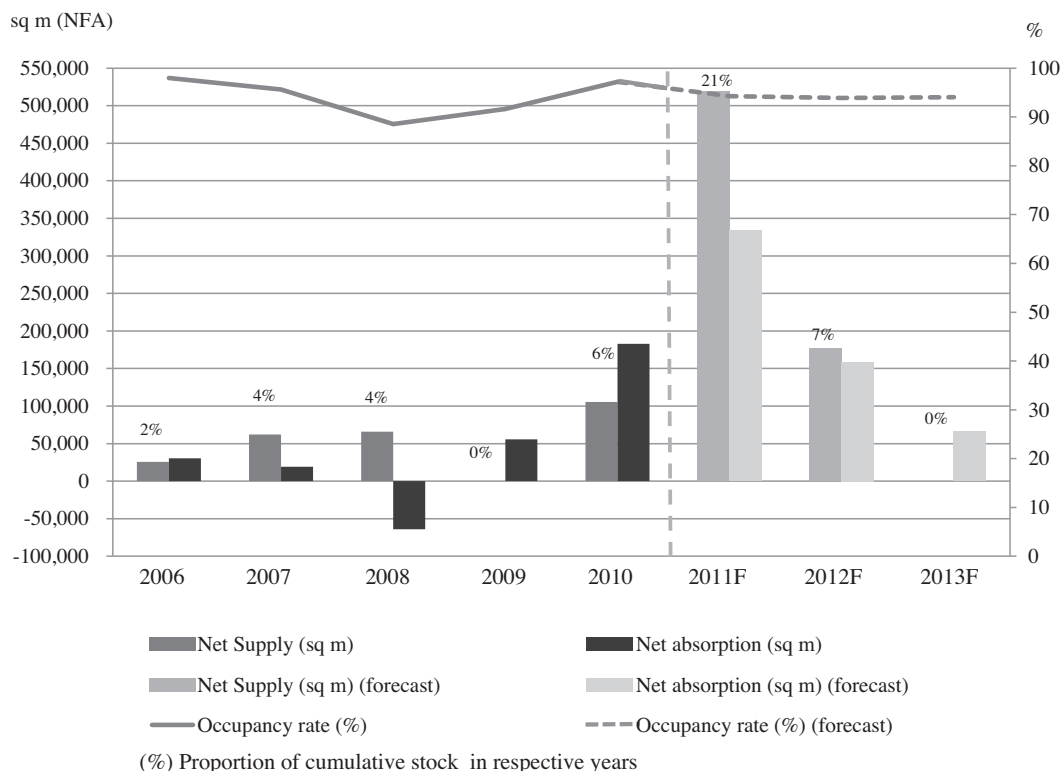
Source: DTZ

### 5.3.2 Supply, Demand, and Occupancy

Approximately 0.7 million sq.m. in NFA of prime retail space is expected to be completed in the next three years and is located within the five key retail precincts. A total of 0.5 million sq.m. will be launched into the market by the end of 2011, accounting for more than half of the upcoming supply. Although this relatively large supply is anticipated to be met with strong demand resulting from improving economic conditions, the overall occupancy rate will gradually fall in 2011, before stabilising from 2012 onwards. Lujiazui's emergence as a prime office precinct has successfully shaped the area into a new development hotspot. As such, a large proportion (46.4%) of the upcoming prime retail space will be located within Lujiazui.

Driven by the rising disposable income from locals and the growing number of expatriates living in Shanghai, demand for international and luxury brands, entertainment, food and beverage offerings will remain strong. It is foreseeable that international luxury brands will continue to thrive in Shanghai. The potential new retail space at prime locations will be met by strong demand for prime retail space from international retailers, despite the upcoming new supply in 2011 and 2012. The occupancy rate will remain steady at approximately 94.1% in the next three years.

Figure 5.3.3 Prime Retail Supply, Demand, and Occupancy



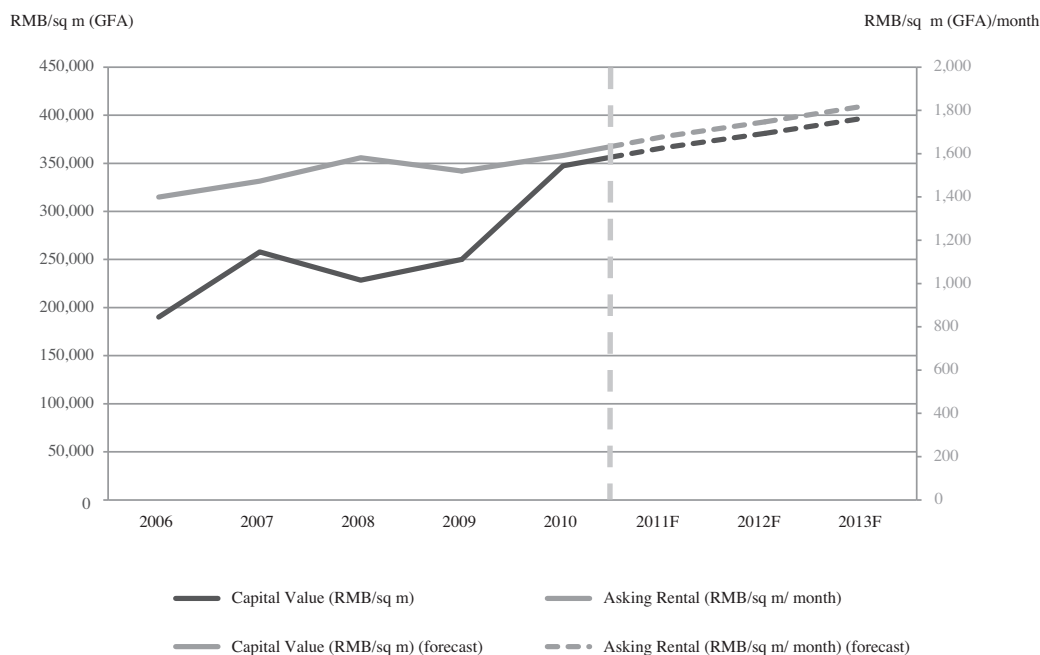
Source: DTZ, September 2011

### 5.3.3 Rental and Capital Values

Rental rates continued to increase into 2011, reaching RMB1,624.6/sq.m./month as at the end of Q2 2011. Given the demand drivers stated previously and the expected economic growth in Shanghai, a solid growth in rental rates is anticipated in the longer term. In addition, new shopping malls tend to achieve higher rentals in the medium to long term as they are usually of higher quality. However, a large proportion of new retail space supply will be launched in 2011 and 2012, thus a moderate rental growth of 4.0% in 2011 and 4.3% in 2012 is expected.

The anticipated overall improvement in the real estate market and the positive outlook on the prime retail market in Shanghai will contribute to a steady increase of capital values in coming years. Both capital values and rental rates are expected to rise at a steady rate. As capital values have been rising rapidly over the past few years and have already caught up with the growth of rental rates, the gross yield is expected to remain at around 5.4 % for the next three years.

Figure 5.3.4 First Floor Asking Rental &amp; Capital Value for Prime Retail



Source: DTZ, September 2011

### 5.3.4 General Market Outlook and Potential Opportunities

Demand for luxury product expenditure and prime retail space in Shanghai will be driven by the positive outlook on the prime retail market and the steady growth of disposable income.

The potential opportunities in the market include the following:

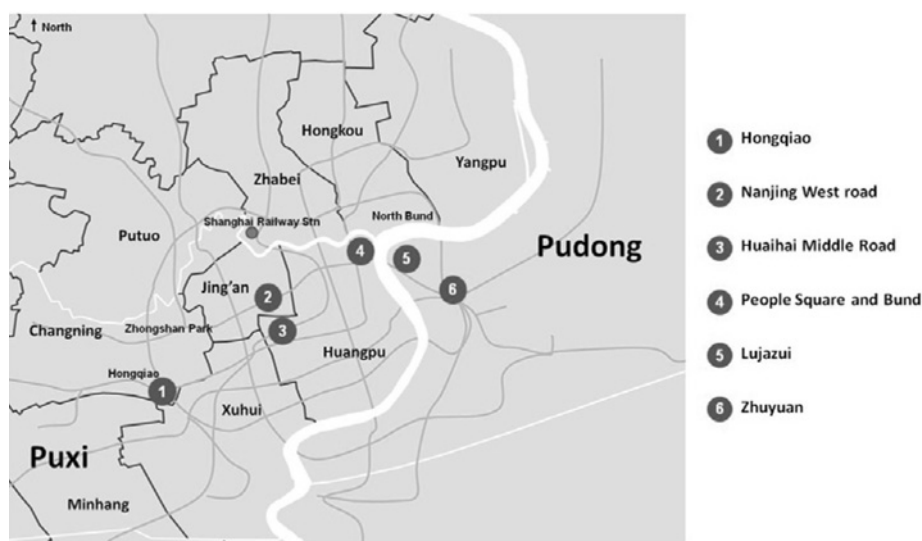
- More international retailers will be attracted to Shanghai as major infrastructure projects such as the construction of metro links, intercity railways and the Shanghai Disneyland Resort will further boost domestic demand in the medium term.
- As Shanghai is the main financial centre in China, the long term trend of more MNCs moving into the Shanghai market will continue. The expatriate population and business travellers, together with the locals with increasing disposable income to spend, will support the prime and specialist retail market. More flagship stores from international luxury brands are expected to open in the city centre.
- Demand for retail space in emerging suburban districts will be driven by increasing disposable income and ongoing urbanisation.

5.4 5-star Hotel and Serviced Apartment

5.4.1 Stock Distribution

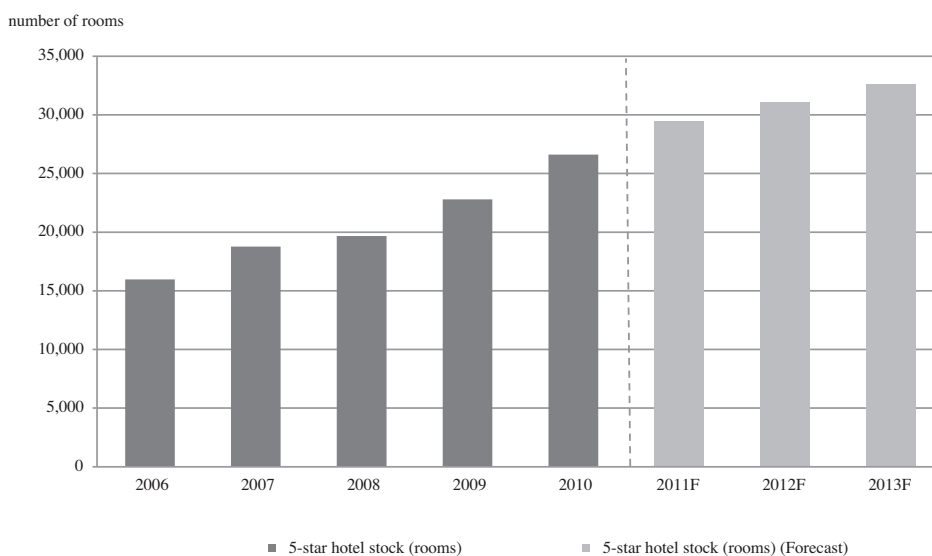
As at the end of Q2 2011, there were a total of 28,452 5-star hotel rooms and 547 serviced apartment units in Shanghai (refer to Figure 5.4.2). Shanghai’s 5-star hotels are concentrated within the core districts and around major business districts.

Figure 5.4.1 Major 5-star Hotel Precincts in Shanghai



Source: DTZ, September 2011

Figure 5.4.2 Cumulative Stock of 5-star Hotels



Source: DTZ, September 2011

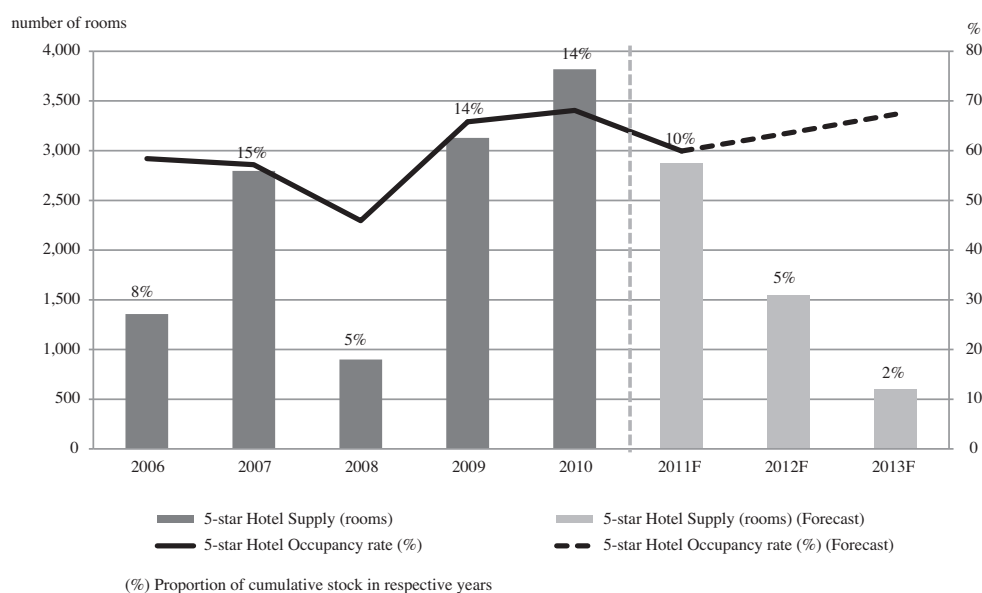
### 5.4.2 Supply, Demand, and Occupancy

A total of 3,819 new 5-star hotel rooms entered the market in 2010 and another new supply of 2,872 5-star hotel rooms will enter by end of 2011, to primarily cater for the rising needs from tourists as well as expatriates and business travellers as more MNCs locate their Asia-Pacific and/or Chinese headquarters in Shanghai.

Occupancy climbed to a historic high level of 68.1% in 2010, reflecting a strong demand for high quality hotels in Shanghai from more affluent tourist groups who attended the World Exposition 2010 Shanghai, China. However, the occupancy rate is expected to drop to about 59.9% in 2011 as a direct result of the new supply provided in 2010 and 2011.

Occupancy will improve beyond 2011, reaching 67.4% by 2013, as the future new supply beyond 2011 will be limited and strong demand will be driven by the robust economic growth as well as the expansion in visitor volume over the coming years.

**Figure 5.4.3 5-star Hotel Supply and Occupancy**



Source: DTZ, September 2011

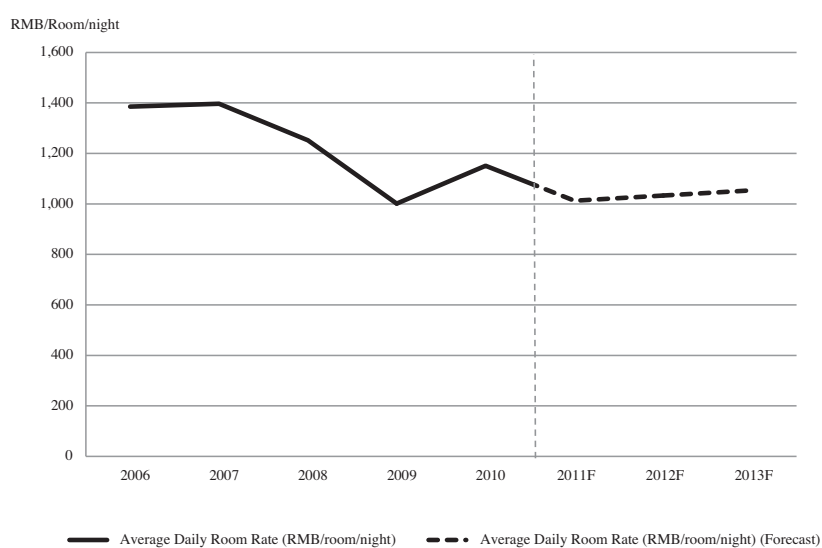
There has not been any new supply of serviced apartment units as part of 5-star hotel developments since 2002 until the launch of Residence in Kerry Parkside (associated with the Kerry Hotel in Pudong) in first half of 2011, supplying a total of 182 new serviced apartment units to the city. The serviced apartment market has been relatively stable over the past three years, reaching an average occupancy rate of 76.0% as at the end of Q2 2011. Occupancy rate is expected to increase to 87.8% by 2013 as there will be no additional supply of serviced apartment units between the second half of 2011 and 2013 as demand from expatriates looking for high-quality residences will remain high as more MNCs enter Shanghai.

5.4.3 Room Rate and RevPAR of Hotel and Serviced Apartment

The average daily room rate of Shanghai’s 5-star hotels grew by 15.0% year-on-year in 2010 to RMB1,151/room/night, primarily due to the increased demand driven by World Exposition 2010 Shanghai and the recovering economy. Given the rising average daily room rate and occupancy rate in the same year, RevPAR of 5-star hotels increased to RMB784.1/room/night.

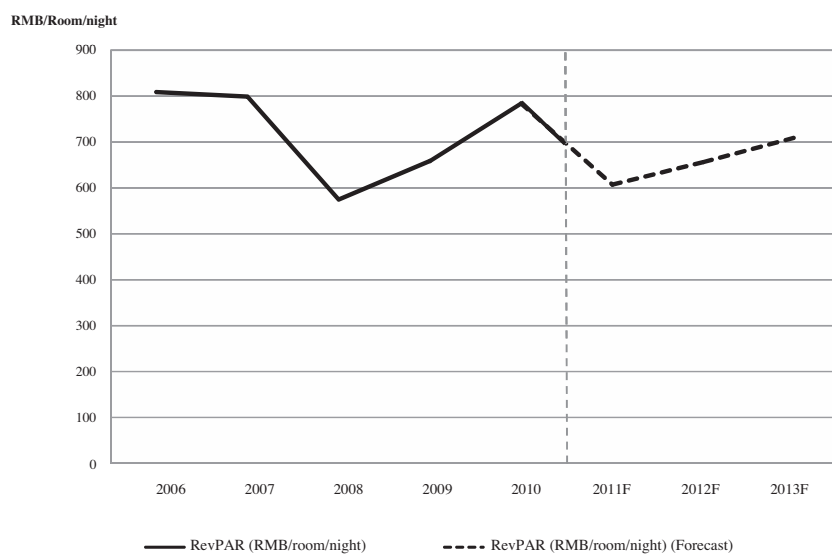
After the World Exposition 2010 Shanghai, China, the average daily room rate and RevPAR in Shanghai 5-star hotels fell but are expected to rise slowly again beyond 2011 in light of continued growth in the number of tourists, expatriates and business travellers.

Figure 5.4.4 Average Daily Room Rate of 5-star Hotels



Source: DTZ, September 2011

Figure 5.4.5 RevPAR of 5-star Hotels



Source: DTZ, September 2011

For the serviced apartment market, rental rates rose rapidly to RMB352.0/sq.m./month in 2010 from RMB252.0/sq.m./month in 2009, in response to a rising demand driven by improving economy and increasing numbers of expatriates. Due to limited future supply and product scarcity, it is anticipated that serviced apartment rent will rise further up to RMB380.9/sq.m./month in the coming three years.

#### 5.4.4 General Market Outlook and Potential Opportunities

Robust economic growth, the continued attractiveness of Shanghai to MNCs, active cross-border investment activities, healthy convention and exhibition demand as well as leisure demand are expected to continue to drive demand for 5-star hotel rooms in Shanghai. As substantial supply of new hotels will be launched to the market in the coming years who will require time to stabilise and establish their market share in the first few years of opening by providing room rates incentives, it is expected that average daily room rates will drop slightly over the next three years despite a continued growth in occupancy in the coming three years.

## 6.0 CITY REPORT: GUANGZHOU

### 6.1 City's Characteristics

Guangzhou is one of the three major cities located in China's richest area, the Pearl River Delta region. The city is a major manufacturing, trading and logistics hub and hosts a number of very important trade fairs which help to underpin the hotel market. As a provincial capital, clusters of companies servicing the various arms of government are important users of office space.

Guangzhou's GDP in 2010 increased by 13.0% year-on-year to RMB1,060.5 billion following an 11.5% expansion in 2009. The continued growth in the tertiary service sector in Guangzhou, which grew by 13.2% year-on-year in 2010, reflected that Guangzhou's economic structure is shifting from production-oriented to service-oriented as one of the most important trade centres in China. In addition, people's willingness to consume is being greatly increased by the arrival of an increasing number of local and international retailers, demonstrated by the growth in retail sales of 24.2% in 2010. As a result, high-end shopping experiences became a fashionable trend for both shoppers and shopping mall developer alike.

**Figure 6.1.1 Guangzhou Economic Indicators**

Indicator	Period	Unit	Value	Change** Y-o-Y (%)
GDP at current market prices .....	2010	RMB Billion	1,060.5	13.0
Total Export.....	2010	RMB Billion	48.4	29.3
Tertiary Industry GDP.....	2010	RMB Billion	646.5	13.2
Disposable Income Per Capita.....	2010	RMB	30,658.5	11
FDI Utilised.....	2010	USD Billion	4.0	5.4
Fixed Asset Investment .....	2010	RMB Billion	326.4	22.7
Composite CPI.....	2010	—	103.2	3.2
Visitor Arrivals* .....	2010	Million	45.1	13.4

Source: Guangzhou Municipal Statistics Bureau

\* Only Visitors staying overnight

\*\* Refers to the year-on-year change of the stated period in the table.

The opening of eight subway lines in Guangzhou in 2011 has strengthened the connection between the outer suburbs and the city center. In particular, the operation of the Guangzhou Metro's new Automated People Mover (APM) system serving between the Tianhe Sports Stadium District and the Pearl River New Town CBD provides a seamless connection within the city core center.

In addition to the subway development, construction of the Guangzhou section of the Guangming Expressway commenced in December 2009, which will reduce the travelling time between Foshan and Guangzhou city centre. The above infrastructure improvements will facilitate people's movement between these two cities, directly benefiting the prime retail sector, as such improved accessibility will increase the catchment area and size of Guangzhou's prime retail projects.

Regional integration across the Pearl River Delta and beyond will be enhanced with the ongoing construction of inter-city rail networks. This will expand the retail catchment size and create more business opportunities for Guangzhou. In particular, the Guangzhou - Shenzhen section of the national high-speed rail network will open in 2011, with the Hong Kong extension now approved and in the preliminary planning stage. An expanded regional rail network for the Pearl River Delta is also under construction, with the first stage (the Guangzhou — Zhuhai Intercity Mass Transit Line) being scheduled by end of 2011.

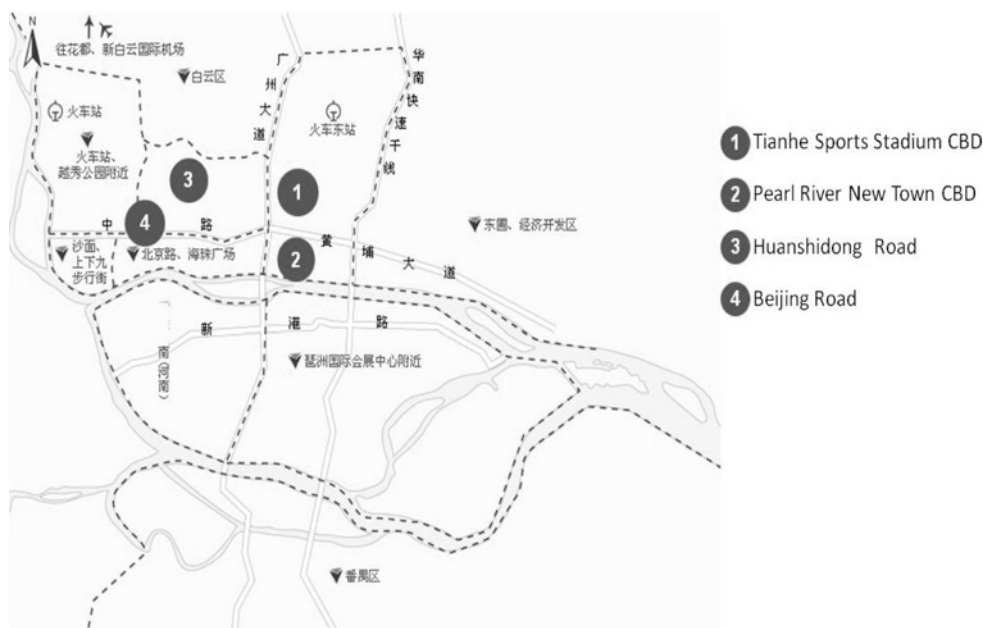
## **6.2 Grade A Office Space**

### **6.2.1 Stock Distribution & Characteristics of Major Business District**

There are five major office precincts in Guangzhou, providing a total of 2.1 million sq.m. in GFA of Grade A office space. Guangzhou's major office precinct is Tianhe Sports Stadium CBD, which was developed in the 1990s, and now holds 47.3% of the city's total Grade A office stock, with a number of major developments clustered around the Guangzhou East Railway Station. The newer Pearl River New Town CBD, which will be the location of the new government headquarters, has been developing quickly, and now represents 24.0% of the city's office stock, with the balance mostly in the Dongshan and Yuexiu districts.



Figure 6.2.1 Guangzhou Grade A Office Distribution



Source: DTZ, September 2011

Figure 6.2.2 Grade A Office Market Statistics as at Q2 2011

District	Total stock (sq.m., GFA)	Effective Rent (RMB/sq.m./month)	Q-o-Q (Q1/Q2 2011) Rent change (%)
Tianhe Sports Stadium CBD.....	975,200	131.8	1.6
Pearl River New Town CBD .....	495,300	152.7	5.4
Dongshan.....	440,600	107.3	2.2
Yuexiu .....	151,400	100.0	3.1
<b>Overall.....</b>	<b>2,062,500</b>	<b>129.3</b>	<b>3.4</b>

Source: DTZ

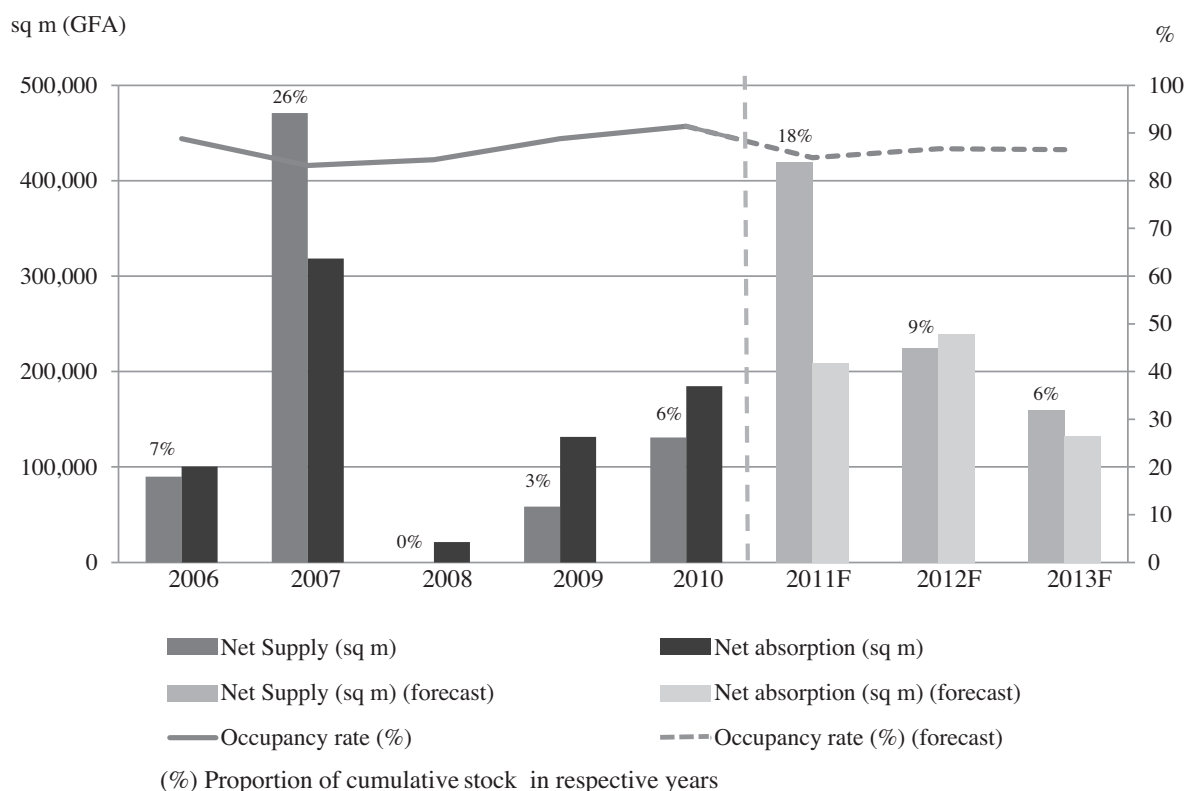
### 6.2.2 Supply, Demand, and Occupancy

Guangzhou's office supply has grown rapidly as the city transforms from a manufacturing centre into a services hub. Demand for space in the Tianhe Sports Stadium CBD and Pearl River New Town CBD continued to be strong due to their city center status. Although substantial amounts of new Grade A office space will enter the market in the next few years (especially in 2011), with a total of 419,300 sq.m. in GFA or 52.1% of the total future supply being launched into the market by the end of 2011, the market will remain active with strong demand driven by the rapid growth in economy in addition to other factors such as the implementation of the second stage of the Mainland and Hong

Kong Closer Economic Partnership Arrangement (CEPA). It is therefore expected that the city-wide average occupancy rate will drop slightly at first in 2011 before rising back to a rate between 86.5% to 86.7% beyond 2011 as new supply tapers off.

The majority of the new supply (83.3%) will be located in Pearl River New Town CBD. It is expected that foreign and domestic corporations looking for expansion opportunities will absorb much of this new office supply, as future supply in Tianhe Sports Stadium CBD will be constrained by limited land availability.

**Figure 6.2.3 Grade A Office Supply, Demand and Occupancy**



Source: DTZ, September 2011

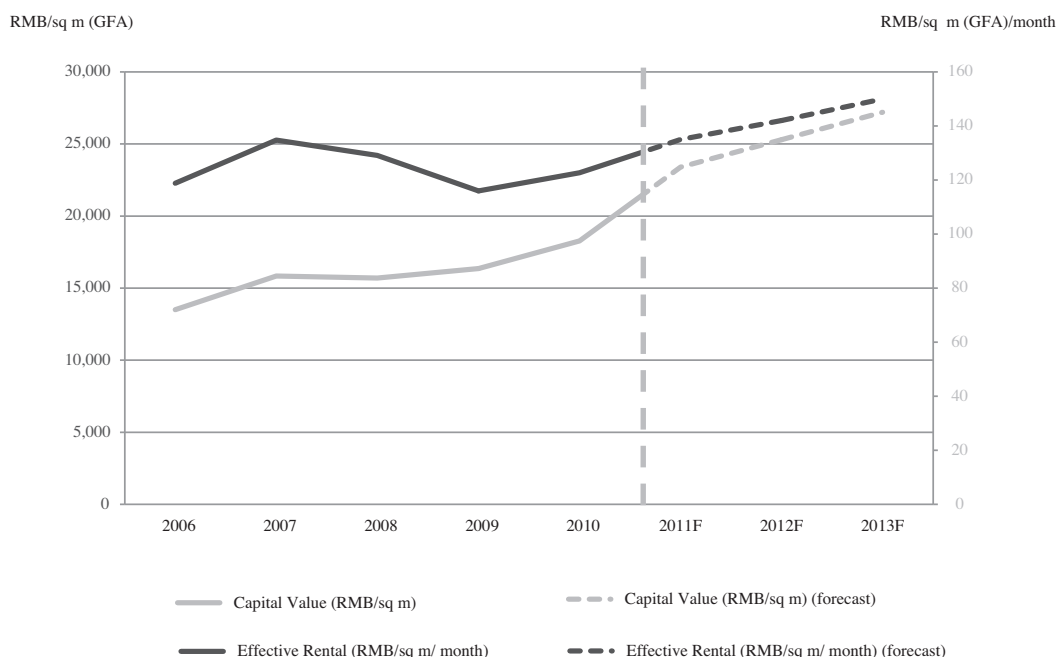
**6.2.3 Rental and Capital Values**

Recovering from the global financial crisis, Guangzhou continued to attract foreign investment. Strong demand and scarce high-quality supply will increase rental rates and capital values, reaching RMB 150/sq.m./month and RMB 27,200/sq.m respectively by the end of 2013. Rental rates in the Pearl River New Town CBD are the highest among other major business districts, with an average of RMB152.7/sq.m./month as at Q2 2011, compared with the city average of RMB 129.3/sq.m./month. Nevertheless, rent for the Tianhe Sports Stadium CBD is expected to rise at a greater rate than Pearl River New Town CBD as future supply in Tianhe Sports Stadium CBD is comparatively low and landlords will have an advantage as demand continues to be strong in that district. Gross yield for city-wide Grade A office market is expected to reduce from 8.1% to 6.6% in the next three years.

As business confidence returned after the recovery in the overall Guangzhou economy in 2010 from the global financial crisis, the average monthly rent in Guangzhou rebounded to RMB122.7/sq.m./month as of the end of 2010, compared to RMB115.9/sq.m., recorded as of the end of 2009. Average monthly rent continued to rise in 2011, to RMB129.3/sq.m./month, representing a year-on-year growth of 7.3%.

Capital values rose in tandem with rent in 2010, reaching RMB18,275 per sq.m. of GFA as at end of 2010 and have continued to rise to RMB21,125/sq.m. as at the end of Q2 2011.

**Figure 6.2.4 Grade A Office Effective Rent and Capital Value**



Source: DTZ, September 2011

**6.2.4 General Market Outlook and Potential Opportunities**

The outlook of the Grade A office market remains positive, benefitting from the improving investment sentiment due to a growing economy, as well as the realisation of the construction of Pearl River New Town CBD representing a new financial district in the city, with 0.5 million sq.m. of GFA of Grade A office space entering the market in 2011.

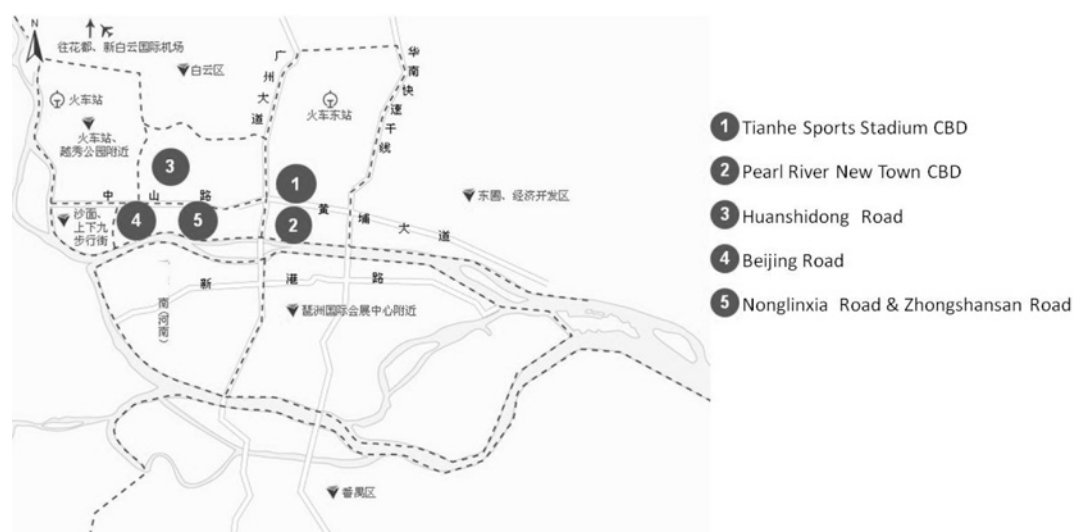
Many foreign and domestic corporations currently in other older office precincts may be attracted to Pearl River New Town CBD due to the higher quality office space, central location, as well as potential rent incentives amidst competition in the market due to a relatively large new supply in the district. At the same time, the occupancy, rental rates and capital values of the traditional CBD - Tianhe Sports Stadium CBDs are forecast to continue to increase due to limited supply. When Pearl River New Town CBD reaches its maturity in the coming years, both CBD districts will face land scarcity issues, leading to increasing rental rates and capital values in the next three years.

### 6.3 Retail

#### 6.3.1 Stock Distribution & Characteristics of Major Retail Districts

There are five major retail precincts in Guangzhou, providing a total of 770,616 sq.m. in NFA of prime retail stock as at Q2 2011. Tianhe Sports Stadium CBD is the largest prime retail precinct in Guangzhou, accounting for approximately 50% of the total stock. Beijing Road, Huanshidong Road and Zhongshan San/Nonglinxia Road retail precincts are the major retail precincts located in Yue Xiu district which account for 34.9% of the total stock. Pearl River New Town CBD is comparatively small and an emerging retail precinct, only accounting for 14.9% of the total stock. Nevertheless, the retail market in Pearl River New Town CBD is expected to grow in size and significance due to large future supply and the status of the district as a financial district in Guangzhou.

**Figure 6.3.1 Prime Retail Distribution in Guangzhou**



Source: DTZ, September 2011

**Figure 6.3.2 Prime Retail Statistics as at Q2 2011**

District	Total stock (sq.m., NFA)	Rental range (RMB/sq.m./month)
Tianhe Sports Stadium CBD.....	387,200	550-2,800
Pearl River New Town CBD .....	114,696	500-800
Beijing Road.....	135,920	600-1,400
Huanshidong .....	19,200	1,000-2,000
Zhongshan San/Nonglinxia Road.....	113,600	800-1,200
<b>Overall</b> .....	<b>770,616</b>	—

Source: DTZ

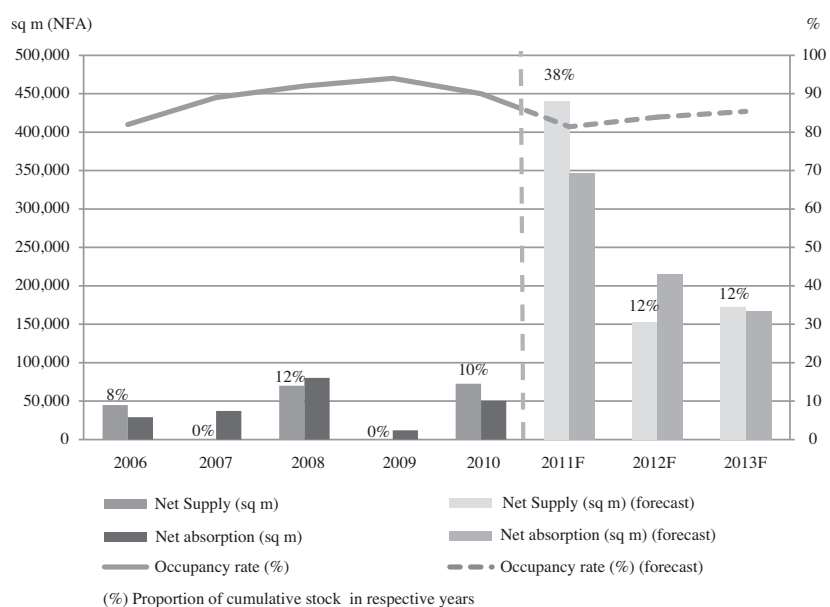
6.3.2 Supply, Demand, and Occupancy

There was limited new prime retail supply in Guangzhou between 2006 and 2009. In 2010, two high-end retail malls (namely One Link Walk and Guangzhou Friendship Store (Guangzhou International Finance Centre Branch)) opened, supplying the market with a total of approximately 72,560.0 sq.m. of NFA of new prime retail space.

Future supply is expected to be relatively high in 2011, with the launching of 440,000 sq.m. in NFA of new prime retail space into the market. The majority of this future supply (63.8%) will be provided in Pearl River New Town CBD as developers build retail space in anticipation of the relocation of government functions into this district. The relatively large volume of new supply in 2011 will exert downward pressure on the city average occupancy to a low level of 81.4% by the end of 2011.

Nevertheless, given the attractiveness of Guangzhou as a retail market with the highest growth in disposable income per capita among first tier cities, it is expected that many retailers will continue to be optimistic on the prospects of the retail market in Guangzhou and will expand their retail spaces in prime retail precincts. In addition, the continued maturing of the Pearl River New Town CBD as a commercial hub (including the operation of Guangzhou Metro’s new APM System serving the CBD since November 2010) as well as the continued expansion in per capita income of urban households will also help drive this growth. On this basis, vacant spaces in the current market will be absorbed gradually in the longer term and occupancy rate will rise steadily in the upcoming years.

Figure 6.3.3 Prime Retail Supply, Demand and Occupancy



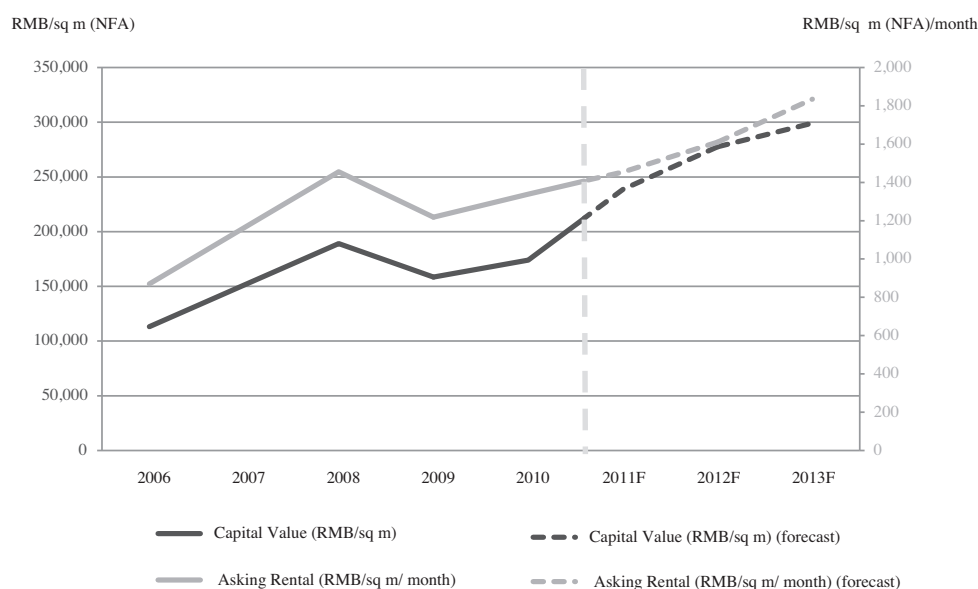
Source: DTZ, September 2011

### 6.3.3 Rental and Capital Values

Both rental rates and capital values increased by approximately 10% year-on-year in 2010 as the economy recovered and as a result of the shortage of new retail space in 2009, leading to the new retail space entering in 2010 being met with strong demand, pushing up rental rates and capital values. By Q2 2011, the average first-floor asking rentals for prime retail in Guangzhou were RMB1,394.1/sq.m/month, while capital values were RMB100,849.1/sq.m.

With the economy recovering and the provision of higher quality retail projects into the city, solid growth in rental rates and capital values is anticipated in the next three years, with capital value growing at a greater rate than rental rate in 2011 as the majority of new retail projects will be for lease only. Gross yield is expected to be of an average of around 7% over the next three years.

**Figure 6.3.4 First Floor Asking Rental and Capital Value for Prime Retail**



Source: DTZ, September 2011

### 6.3.4 General Market Outlook and Potential Opportunities

The general outlook for the Guangzhou's retail market remains optimistic and the demand for prime retail spaces will continue to be driven by the city's relatively high purchasing power supported by strong economic growth and high disposable income per capita. The above, coupled with the government's policies which aim to stimulate domestic consumption, have created an attractive environment for retailers in Guangzhou. In addition, the development of the high-speed railway will further enhance the connectivity of Guangzhou with other cities in China, including Hong Kong. This will promote the economic diversification of the city and boost the city's attractiveness to international retailers in the long run.

6.4 5-star Hotel and Serviced Apartment

6.4.1 Stock Distribution

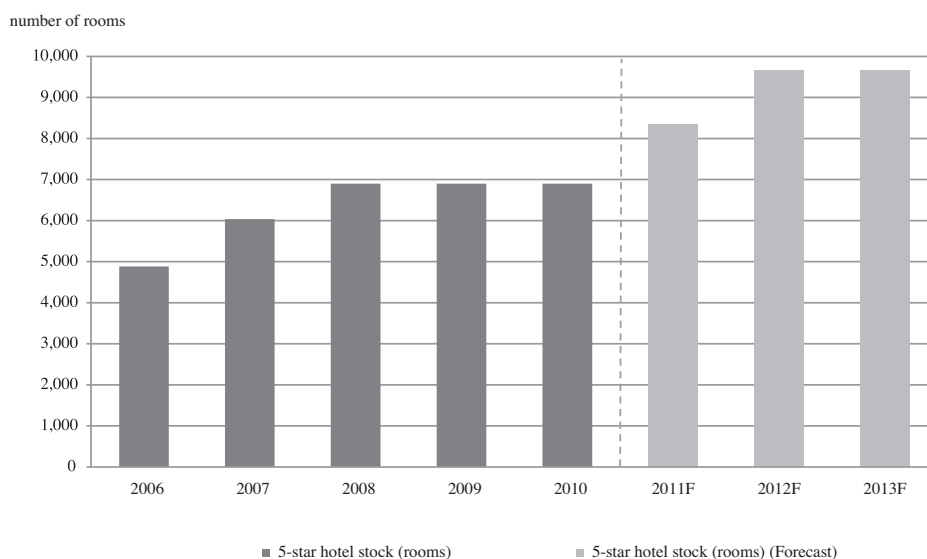
As at the end of Q2 2011, there were 7,394 5-star hotel rooms in Guangzhou. The city opened the first 5-star hotel, the White Swan Hotel in China in 1983. The stock of 5-star hotels has grown rapidly between 2005 and 2008, but there has not been any new 5-star hotels entering the market in the past 2 years despite of the growing number of visitors. Given the city’s role as one of the world’s major export and manufacturing hubs as well as the continued expansion of the tertiary service sector, the city’s 5-star hotel market will continue to be driven by the needs of business customers. The 5-star serviced apartment market is relatively new to the city, and there are currently fewer than 600 rooms in the city.

Figure 6.4.1 Stock Distribution of 5-star Hotel in Guangzhou



Source: DTZ, September 2011

Figure 6.4.2 Cumulative Stock of 5-star Hotels in Guangzhou

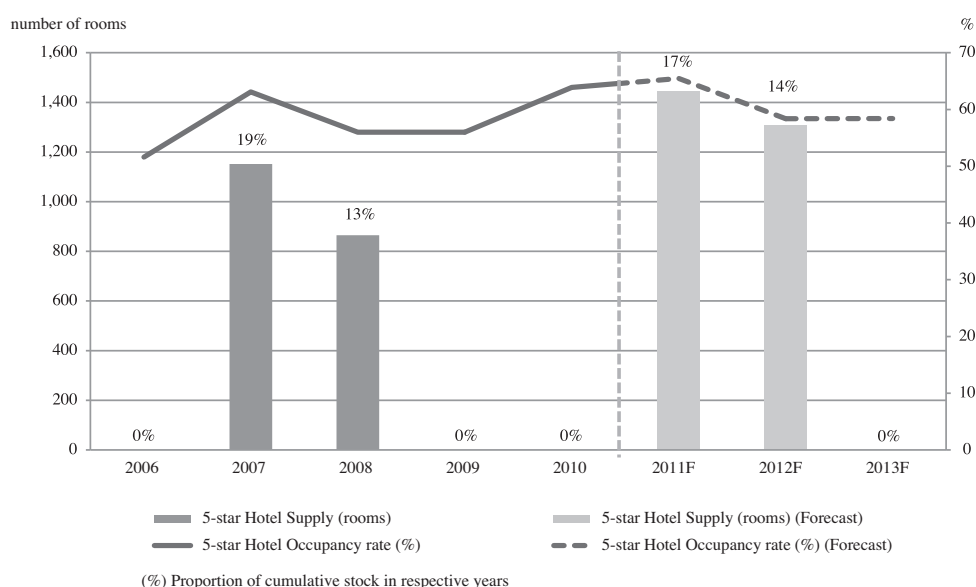


Source: DTZ, September 2011

### 6.4.2 Supply, Demand, and Occupancy

There had been no new supply recorded in two consecutive years from 2009 to 2010 and with the city hosting the Asian Games in 2010, the average occupancy rates increased from 56.0% in 2009 to 63.9% in 2010. Demand for 5-star hotel remains strong into first half of 2011, with an average occupancy rate of 65.5% as at end of Q2 2011. Given the large supply (a total of 2,257 rooms) entering the market in second half of 2011 and 2012, it is anticipated that occupancy rate will gradually fall to 58.4% by the end of 2013 as these hotels would require time to stabilise their businesses and operations in the city and to establish market share seeing China as an important long term growth market, hotel operators are prepared to operate properties at relatively low occupancy rates.

**Figure 6.4.3 5-star Hotel Supply, Demand and Occupancy**



Source: DTZ, September 2011

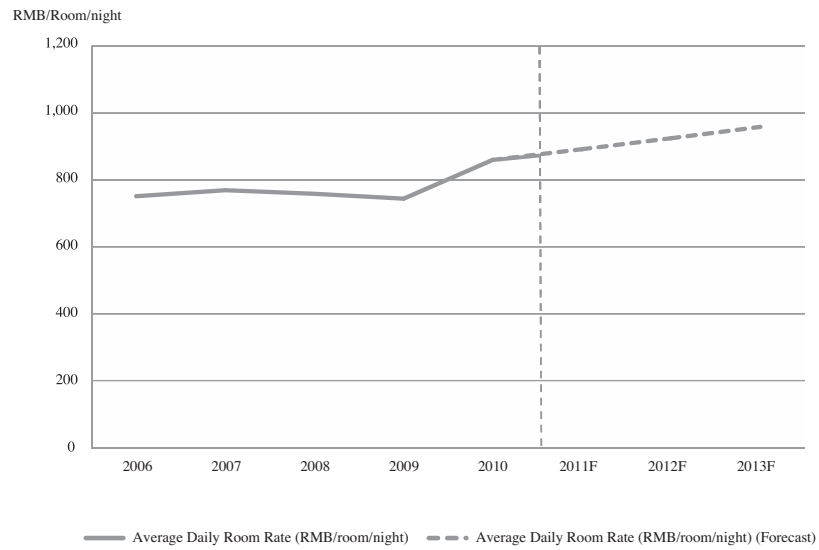
For the serviced apartment market, only 220 units of 5-star serviced apartment will be launched into the market over the next three years. It is anticipated that occupancy in the serviced apartment market in Guangzhou will fall from 61.9% in 2010 to an average of 57.3% in the coming three years, as competition will be increased by non 5-star hotel branded serviced apartment projects entering the market in the near future.

### 6.4.3 Hotel Room Rate and RevPAR in 5-star Hotels

The hosting of Asian Games boosted the average daily room rate as well as RevPAR for 5-star hotels to a record high in 2010, registering RMB860.0/room/night and RMB549.4/room/night, respectively. Given the improving economy in China, Guangzhou will continue to stay as one of the world's major export and manufacturing hubs. With the city's hotels catering mostly to business travelers, and with more international hotel brands entering the market, it is expected that both average daily room rate and RevPAR for 5-star hotels will rise progressively in the coming three years.

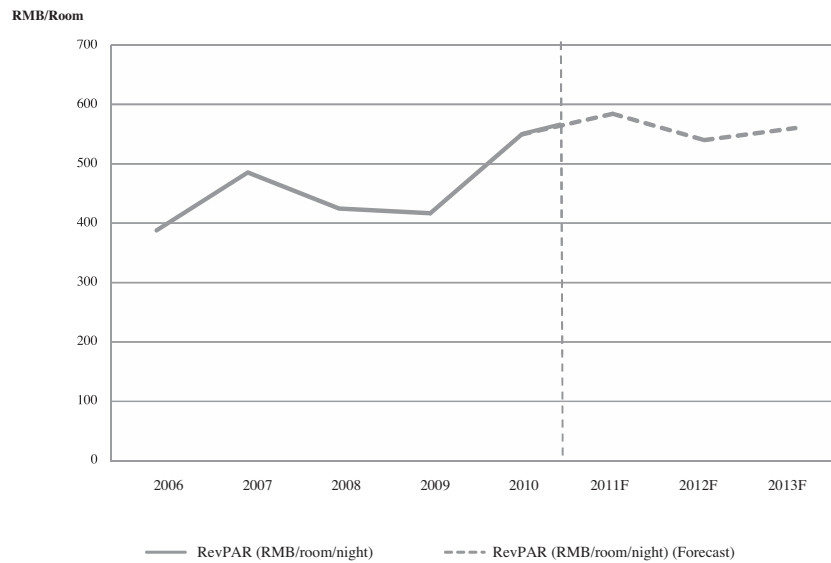


Figure 6.4.4 Average Daily Room Rate of 5-star Hotels



Source: DTZ, September 2011

Figure 6.4.5 RevPAR of 5-star Hotels



Source: DTZ, September 2011

For the serviced apartment market, rent is anticipated to reduce from RMB104.8/sq.m./month to RMB98.7/sq.m./month in the coming three years because of the upcoming competition from newly-launched non 5-star hotel branded serviced apartments.

#### 6.4.4 General market outlook and Potential Opportunities

New supply will be a key factor that will exert downward pressure on both occupancy rates and RevPAR in the city's 5-star hotel market as new businesses require time to stabilise their business and to establish market share. High quality new hotel products targeting business travellers in the Tianhe Sports Stadium CBD and Pearl River New Town CBD will become the benchmark for new hotel products in the city.

### 7.0 CITY REPORT: CHENGDU

#### 7.1 City's Characteristics

Chengdu is the capital of Sichuan Province and is the strongest regional economy in western China after Chongqing and one of the most important commercial, financial and logistic centers in inland China. Chengdu is an attractive investment destination for foreign investors due to its low labour cost, government support and increasingly high quality infrastructure and other business-support structures. The city is also a base for high-tech emerging industries, traditional manufacturing and financial services, and has a reputation for a high quality of life.

Due to its strategic location, Chengdu has emerged to be a regional headquarters centre in China for MNCs, as nine of the Fortune's 500 corporations have located their regional headquarters in Chengdu. In 2010, Forbes ranked Chengdu as the world's fastest growing city over the next 10 years.

Chengdu has entered into a rapid development phase in its economic cycle, with a staggering 15.0% GDP increase in 2010. In addition, the city's large-scale industrial enterprises output increased by 23.6%, and the utilised FDI recorded 73.6% growth year-on-year in 2010, reaffirming Chengdu's place as one of the most popular investment destinations in China.

Chengdu's retail sales recorded a 18.8% growth year-on-year in 2010 and is predicted to continue its strong growth in 2011, supported by a sustainable double-digit growth rate in disposable income per capita since 2006. Disposable income per capita reached RMB20,835.0 in 2010, which is the highest in western China. The growing retail sales together with the solid purchasing power have led to a booming retail market in Chengdu.

Figure 7.1.1 Chengdu Economic Indicators

Indicator	Period	Unit	Value	Y-o-Y* Change (%)
GDP at current market prices .....	2010	RMB Billion	555.1	15.0%
Total Industry Output (above a designated size).....	2010	RMB Billion	164.0	23.6%
Disposable Income Per Capita (Urban Household) .....	2010	RMB	20,835.0	11.7%
FDI Utilised.....	2010	USD Billion	4.9	73.6%
Fixed Asset Investment .....	2010	RMB Billion	425.5	5.7%
Total Sales of Consumer Goods .....	2010	RMB Billion	241.8	18.8%
Real Estate Investment.....	2010	RMB Billion	127.8	35.3%
Composite CPI.....	2010	—	103.0	3.0%
Visitor Arrivals .....	2010	Million	68.2	22.3%

Source: Chengdu Statistics Bureau

\* Refers to the year on year change of the stated period in the table.

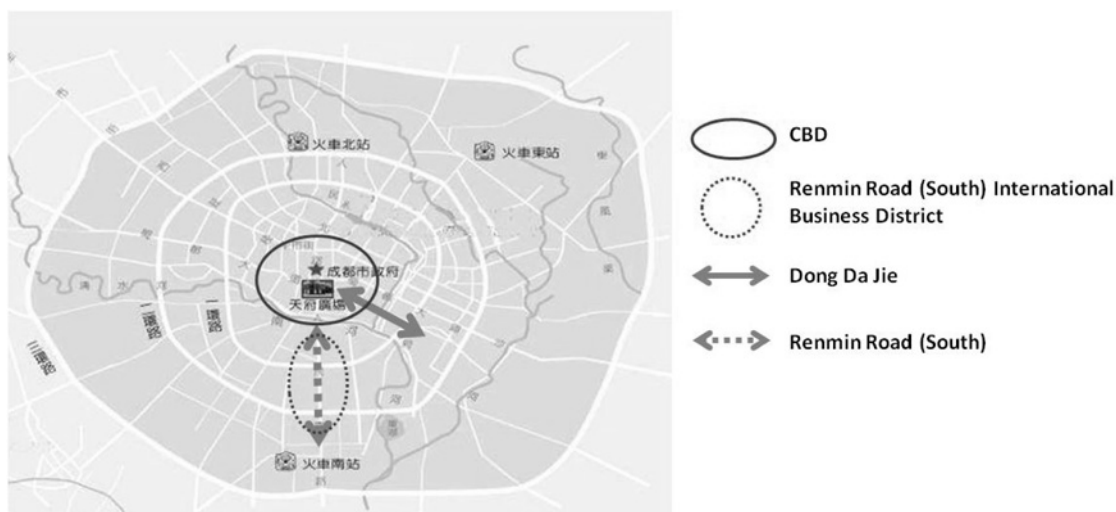
The city's first subway line (Line 1) has been in operation since September 2011 and Line 2 is expected to begin operation by the end of 2011. In addition, seven subway lines are planned by 2015, which will improve the accessibility within the city in the coming five years. The opening of these new lines will help to expand the catchment size of existing major retail precincts.

## 7.2 Grade A Office Space

### 7.2.1 Stock Distribution of Major Business Districts

There are currently two major office precincts in Chengdu, one is at the city core of Chengdu, generally known as "CBD". Grade A offices are mainly located along Dong Da Jie within the CBD. The other office precinct is located in the outer area of Chengdu, generally known as Renmin Road (South) International Business District, which is regarded as a new commercial axis extended south from CBD. The total Grade A office stock in Chengdu amounted to 541,498.0 sq.m. in GFA as at Q2 2011 (see Figure 7.2.1).

Figure 7.2.1 Major Office Districts in Chengdu



Source: DTZ, September 2011

Figure 7.2.2 Chengdu Grade A Office Market as at Q2 2011

District	Total stock (sq.m., GFA)	Effective Rent (RMB/ sq.m./ month)	Q-o-Q (Q1/Q2 2011) Rent change (%)
CBD .....	274,685	123.7	-1.8
Renmin Road (South) International Business District .....	175,922	119.9	1.8
Other Districts .....	90,891	128.7	-3.7
<b>Overall</b> .....	<b>541,498</b>	<b>123.3</b>	<b>-1.5</b>

Source: DTZ

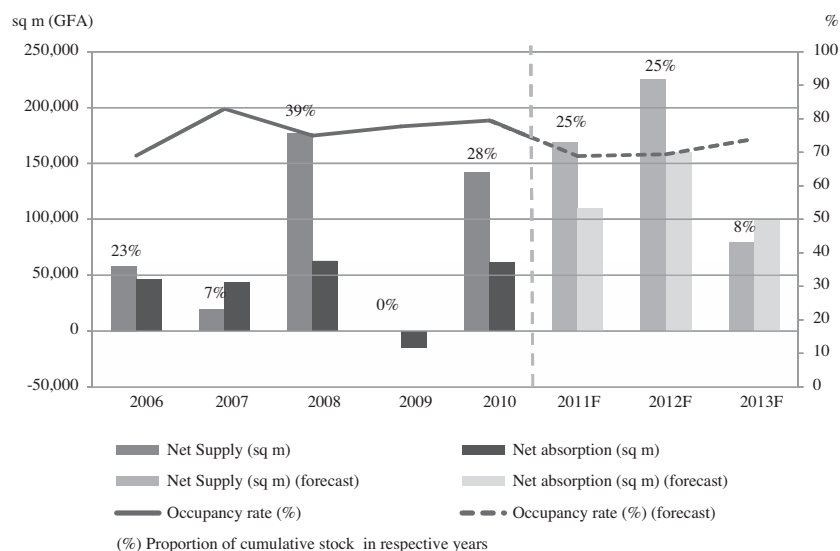
### 7.2.2 Supply, Demand, and Occupancy

Due to the global financial crisis and Sichuan earthquakes in 2008, the outlook of the real estate market in Chengdu was not promising and the Grade A office market was extremely weak in 2009. However, the economy recovered quickly in 2010 and the Grade A office market in Chengdu is expected to continue to emerge and develop rapidly in the coming three years.

Approximately 473,650.5 sq.m. of GFA of Grade A office space will enter the market over the next three years, of which 83.1% will be completed by 2012. The majority of future Grade A office supply will be provided along Dong Da Jie and Renmin Road (South). This relatively large amount of new supply will exert pressure on the Grade A office market, placing pressure on the average occupancy rate. Nevertheless, it is anticipated that demand for Grade A office space will continue to be strong due to improving economic conditions and increased foreign investment, leading to a more balanced new supply and demand equilibrium in 2013 with a projected 74.0% occupancy rate.

As the office market in Chengdu has become more mature in recent years, more recent Grade A office projects are for lease only and these developments tend to achieve higher rental returns and have better property management than those older strata-titled office projects. It has become an increasing trend that newly completed office projects will be launched into the market for lease only.

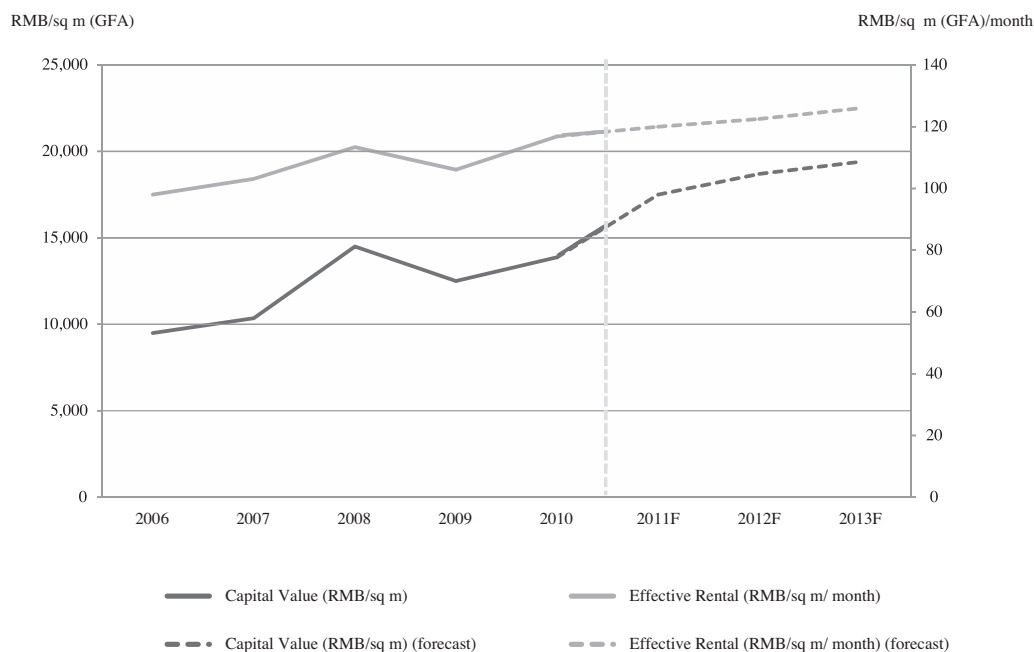
**Figure 7.2.3 Grade A Office Supply, Demand and Occupancy**



Source: DTZ, September 2011

**7.2.3 Rental and Capital Values**

In 2010, both rental rates and capital values of Chengdu’s Grade A office had returned to close to their 2008 historical high, with the economy recovering quickly since 2009. The promising outlook for the real estate market will attract domestic and foreign investors to the real estate market of Chengdu, while the strong economic growth in Chengdu will attract more MNCs entering the city. Thus, the rental rates and capital values are anticipated to increase in the longer term, reaching RMB 19,400.0/sq.m. and RMB 126.0/sq.m./month in 2013, respectively. Rental rates for Grade A offices along Renmin Road (South) are expected to increase at a greater rate than other areas in the city due to its emergence as a prime commercial district and the provision of relatively high quality buildings. Gross yield for the city-wide Grade A office market is expected to remain at a range between 7.8% to 8.2% for the coming three years.

**Figure 7.2.4 Grade A Office Effective Rental & Capital Value**

Source: DTZ, September 2011

### 7.2.4 General Market Outlook and Potential Opportunities

Chengdu's real estate market is in a rapid development stage and will take some more years before the market will approach maturity. Future demand for Grade A office market will mainly come from large MNCs, who will continue to push up Grade A office prices in the coming few years. Due to limited land availability within the CBD, new Grade A offices will tend to be located in Renmin Road (South) International Business District.

## 7.3 Prime Retail

### 7.3.1 Stock Distribution and Characteristics of Major Retail Districts

At present, there are six main retail precincts in Chengdu serving the main urban area of the city including the traditional CBD located at the centre of the city, with a total prime retail stock of approximately 1.9 million sq.m. in NFA as at the end Q2 2011. The majority of the total stock (45.6%) is concentrated within the CBD area (comprising Yanshikou precinct and Chunxi Road precinct) while the remaining prime retail spaces are located within the five precincts around the city, namely Shuangnan-Zijing, Guanghua-Jinsha, Jianshe Road, Chengren Road and Xinnan.

Figure 7.3.1 Major Retail Districts in Chengdu



Source: DTZ, September 2011

Figure 7.3.2 Chengdu Prime Retail Statistics as at Q2 2011

District	Total stock (sq.m., NFA)	Asking Rental range (RMB/ sq.m./ month)
CBD .....	886,976	80-2,000
Shuangnan-Zijing .....	268,909	67-550
Guanghua-Jinsha .....	180,937	51-350
Jianshe Road.....	272,000	65-350
Chengren Road .....	208,000	40-450
Xinnan .....	128,064	300-400
Overall.....	1,944,886	—

Source: DTZ

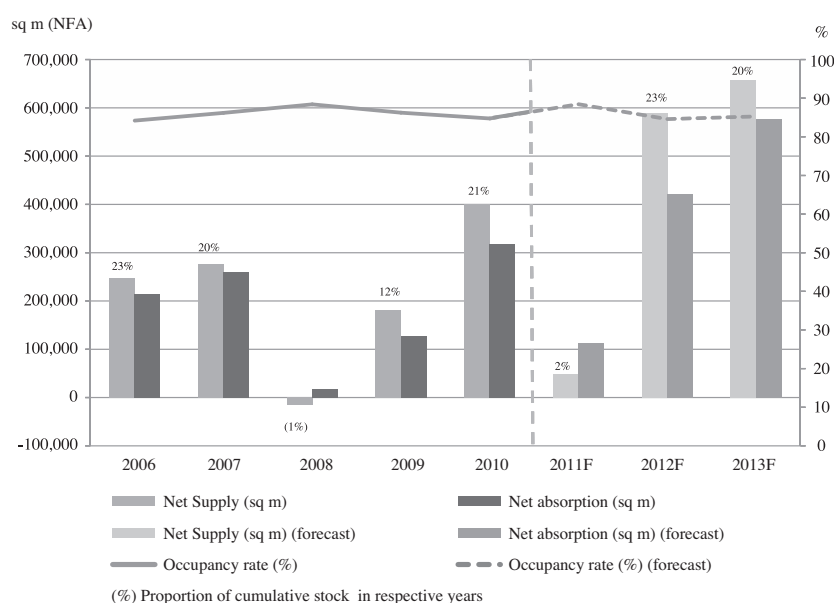
### 7.3.2 Supply, Demand, and Occupancy

Over the next three years, approximately 1.3 million sq.m. in NFA of prime retail spaces will enter the market in Chengdu, of which 32% will be located within the CBD and the remaining in decentralised suburban regions.

The global financial crisis and Sichuan earthquakes largely reduced building commencements in 2008 and thus affected the number of new projects completed in 2011. The occupancy rate is expected to rise to 88.4% by the end of 2011 due to limited new supply. However a large volume of new retail spaces will be available in 2012 and 2013, bringing the occupancy rate slightly lower to 85.3%.

After recovering from Sichuan Earthquake and global financial crisis, the retail market has recorded a strong growth in 2009 and 2010 with a large rebound in demand and supply. The take-up in 2010 was strong despite the relatively high supply of new retail spaces in 2009 and 2010. Future demand should be premised on the long term growth in the urbanisation rate of Chengdu, with a healthy outlook for demand and consequently occupancy.

**Figure 7.3.3 Prime Retail Supply, Demand, and Occupancy**



Source: DTZ, September 2011

**7.3.3 Rental and Capital Values**

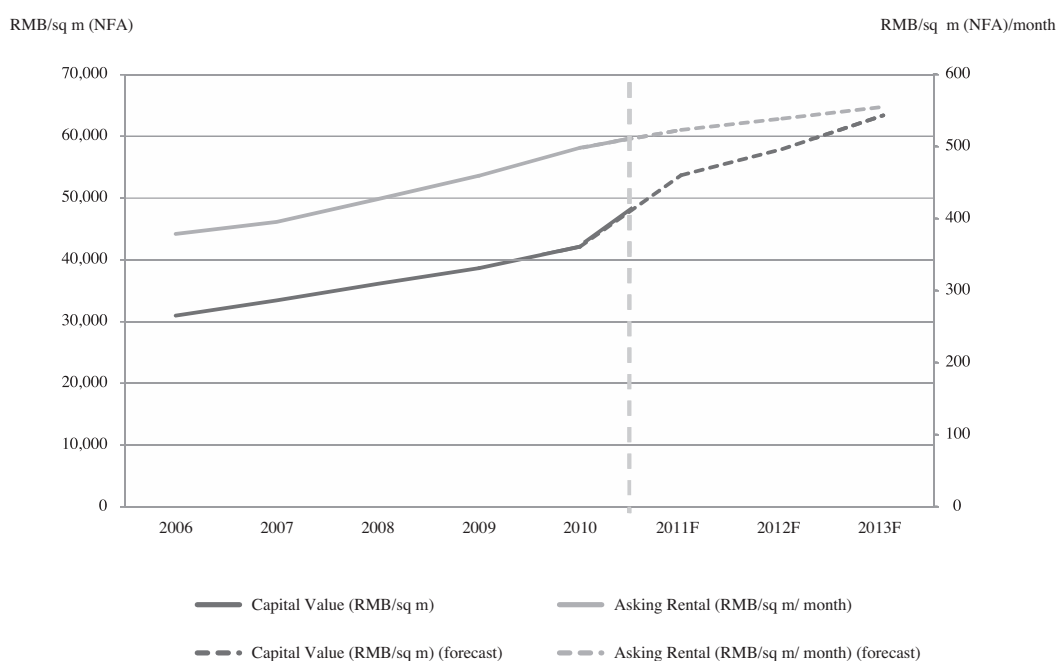
Rents in Chengdu have increased rapidly between 2006 and 2010, reaching RMB 498.4/sq.m./month by 2010, and rent continued to edge up to RMB510.8/sq.m./month by the end of Q2 2011. Recently completed supply in well-located and optimally positioned malls will continue to outperform the market in general.

Over the next two years, rental rates are forecast to increase by approximately 3.7% per annum, due to an increase in supply in suburban areas. At this stage, with more competition and an increasingly sophisticated consumer base, quality and positioning will become more important. One trend that is clear is the well located quality brand malls will continue to perform well in the market due to the mixed standard seen across Chengdu’s retail sector and the rapidly rising income levels of the local residents and their preference for shopping at these locations.



Capital values of prime retail have been rising in tandem with rental rates for the past few years and have seen steady growth as a result of a continued shift in consumer preferences from department stores to shopping malls and a rising demand for better quality shopping malls in both the city center and suburban areas. It is anticipated that capital values will continue to rise steadily but at a faster rate in the coming three years due to an improving real estate market in Chengdu. Gross yield is expected to gradually fall from a projected 11.7% for 2011 to 10.5% by 2013 as a result of rising capital value.

**Figure 7.3.4 First Floor Asking Rental & Capital Value for Prime Retail**



Source: DTZ, September 2011

**7.3.4 General Market Outlook and Potential Opportunities**

There is a trend towards more retail projects being opened in the suburban districts which is partly driven by government planning, population pressures and the scarcity of space in the centre of the city. Because the city is developing quickly, but the overall stock is still relatively small, developers are keenly watching the urban developments in the outlying districts as they attempt to tap new sources of retail growth.

In addition, the fast-growing tertiary service sector and high tech industries will attract both foreign firms and professionals to Chengdu, therefore increasing the populations purchasing power and demand for prime retail services. With the emergence of quality precincts in suburban areas and increased numbers of foreign retailers entering the retail market in Chengdu, future prospects of the retail growth are positive.

## 7.4 5-star Hotel and Serviced Apartment

### 7.4.1 Stock Distribution

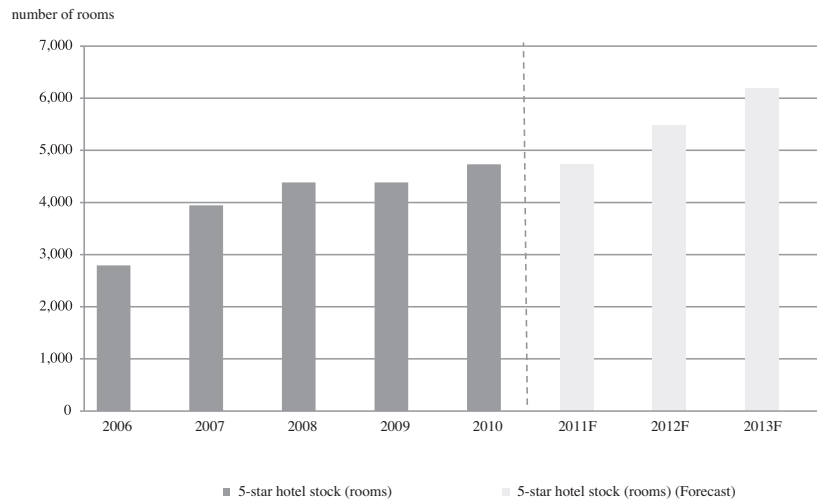
As at the end of Q2 2011, there were twelve 5-star hotels supplying a total of 4,732 5-star hotel rooms in Chengdu. The growth of city's 5-star hotel market is mainly driven by the convention and exhibition industry. Chengdu's 5-star hotels are concentrated within the 2nd Ring Road, mainly along Renmin Road and within the CBD district (refer to Figure 7.4.1).

For the serviced apartment market, although several international serviced apartment providers such as Shama have entered the Chengdu's serviced apartment market in recent years, none of these serviced apartment projects are operated in conjunction with a 5-star hotel. The serviced apartment market is a relatively new concept to the city with a small market size. Shangri-La Chengdu, which opened in 2007, remains as the only 5-star hotel in Chengdu providing serviced apartment supplying a total of 26 units.

**Figure 7.4.1 Major 5-star Hotel Precincts in Chengdu**



Source: DTZ, September 2011

**Figure 7.4.2 Cumulative Stock of Chengdu's 5-star Hotels**

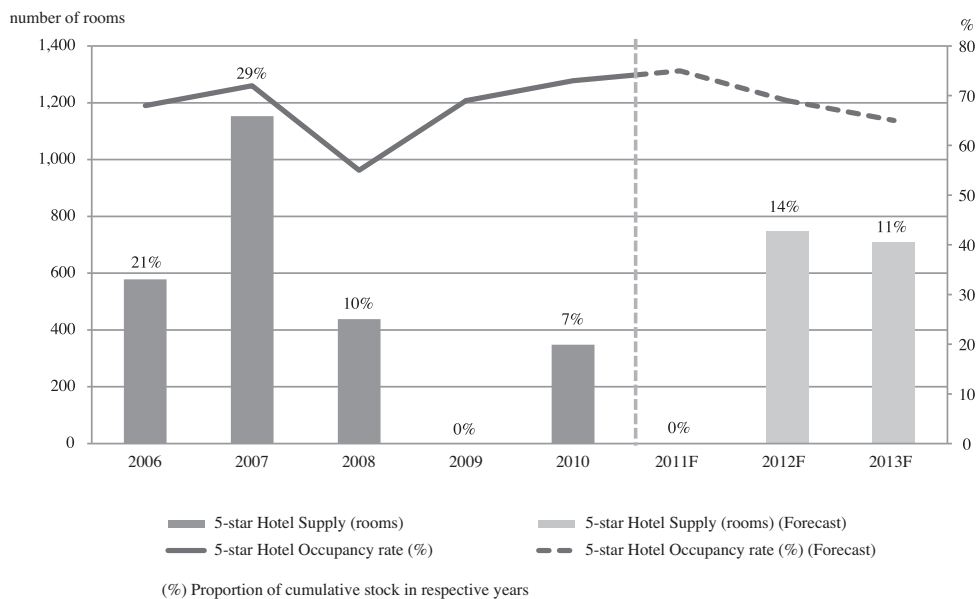
Source: DTZ, September 2011

#### 7.4.2 Supply, Demand, and Occupancy

The occupancy rate of the city's 5-star hotel reached a historic high level of 73.0% in 2010, benefitting from the growth of the convention and exhibition industry. With hotel operators seeing Chengdu as a potential market with strong demand from business travellers, four new 5-star hotels with a total of 1,460 rooms will be launched into the market in the next three years.

Though the occupancy rate is expected to continue to rise to 75.0% by end of 2011, it is expected to reduce to the 65.0% level by 2013, as the substantial amount of hotel rooms entering in 2012 and 2013 will exert downward pressure on the occupancy performance. Future supply of 5-star hotels will be concentrated in the CBD district.

Figure 7.4.3 5-star Hotel Supply and Occupancy



Source: DTZ, September 2011

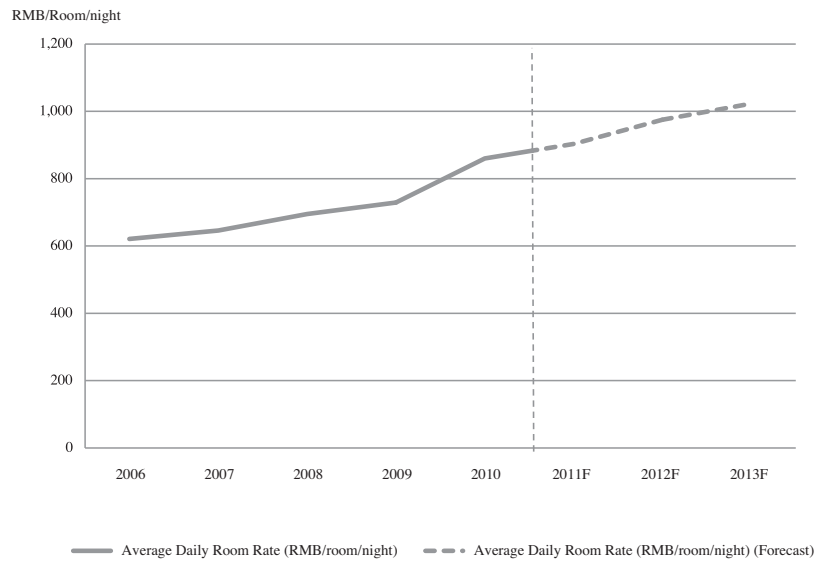
For the serviced apartment market, no formal plans have been announced by any internationally known hotel groups to provide 5-star serviced apartments in the coming few years. It is anticipated that occupancy in the serviced apartment market in Chengdu will fluctuate between 50.0% and 70.0% in the next three years, as the market is relatively new to the city and competition will be increased by non 5-star hotel branding serviced apartment projects entering the market in the near future.

**7.4.3 Hotel Room Rate and RevPAR**

As the city’s 5-star hotels mostly cater for business travellers, the improving economy and the growing convention and exhibition industry will continue to drive a growth in the number of business travellers arriving at the city, which is reflected by the progressive increase in both average daily room rate and RevPAR, registering RMB860.0/room/night and RMB628.0/room/night respectively in 2010.

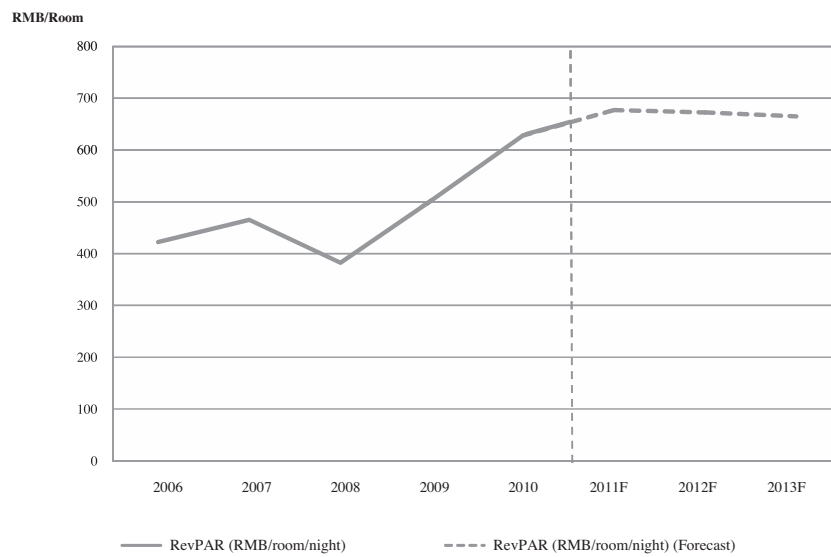
As more international brands will enter the 5-star hotel market from 2012, it is anticipated that the average daily room rate will continue to rise into 2011, with RevPAR rising at a greater rate before remaining stable beyond 2011 as occupancy rates are expected to drop slightly.

Figure 7.4.4 Average Daily Room Rate of 5-star Hotels



Source: DTZ, September 2011

Figure 7.4.5 RevPAR of 5-star Hotels



Source: DTZ, September 2011

For the serviced apartment market, the rent in the coming years will be slightly higher than the 2010 level (RMB339.0/sq.m./month), rising to an average of around RMB415.0/sq.m./month by 2013 due to product scarcity.

#### **7.4.4 General Market Outlook and Potential Opportunities**

The annual Housing Fair, Western Fair and other exhibitions held regularly in Chengdu, are turning Chengdu into a convention and exhibition hotspot destination in China, which effectively promotes the development of 5-star hotels in Chengdu as new hotel projects will mainly target business travelers who look for high quality hotel services. Nevertheless, substantial new supply is expected to be completed in 2012 and 2013, which will exert downward pressure on both occupancy rates and RevPAR in the city's 5-star hotel market.

#### **GLOSSARY**

##### **Capital Value**

Gross transacted selling price of a property which excludes agency fees and other outgoings.

##### **Consumer Price Index (CPI)**

An inflationary indicator that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation.

##### **Effective Rental**

The average transacted rent paid by the tenant over the term of a lease, exclusive of any rental incentives granted by landlords and/or management fees and other outgoings.

##### **First Floor Asking Rent**

The indicative or quoted rent at which a landlord is willing to allow a third party's use of a designated space.

##### **Foreign Direct Investment (FDI)**

Foreign direct investment is the investment of foreign assets into a country or city distinct from the investor's country of origin.

##### **Grade A Office**

Relatively modern office buildings with high quality finishes, flexible layout, large floor plates, spacious, well decorated lobbies and circulation area, effective central air-conditioning, good lift services zoned for passengers and goods deliveries, professional management and parking facilities normally available.

##### **Gross Domestic Product (GDP)**

A basic measure of a country's overall economic output, i.e. the total market value of all final goods and services produced in a country at market prices in a given year.

**Gross Floor Area (GFA)**

The area within the perimeter of the outside walls of a building as measured from the inside surface of the exterior walls, with no deduction for hallways, stairs, closets, thickness of walls, columns, or other interior features.

Please note that for the Gross Floor Area measurement of a building in Hong Kong, DTZ, following the Hong Kong Rating and Valuation Department, measures the area to the internal face of the external or party wall only, whilst the Company's definition includes the thickness of the external walls.

**Luxury Residential**

Private residential units of over 1,076 sq.ft., excluding New Territories Exempt Houses.

**Net Absorption**

The change in the total of occupied floorspace over a specified period of time, either positive or negative.

**Net Floor Area (NFA)**

The total usable floor area in a building, excluding the area occupied by walls and partitions, the circulation area (where people walk), and the mechanical area (where there is mechanical equipment).

**Net Lettable Area (NLA)**

Net Lettable Area of whole floor shall include toilets and lift lobbies but exclude common areas such as lift shafts, stairs, plant rooms and smoke lobbies.

**Net Supply**

Total marketed floorspace which is ready for occupation in a given year. Ready for occupation means practical completion, where either the building has been issued with an occupancy permit, where required, or where only fit-out is lacking.

**Occupancy**

Floorspace that is occupied - i.e. vacant and not available for rent or sales in the market.

**Per capita GDP**

An approximation of the value of goods and services produced per person in the country.

**Prime Retail**

Retail projects with gross floor area above 20,000sq.m., and which are located in major retail precincts and have a high-end market positioning, judged by the number and reputation of its international retailers.

**Revenue per available room (RevPAR)**

A ratio used to measure the financial performance of hotels, providing an approximation value of the revenue generated by each room a hotel has sold in a given year.

**Average Room Rate**

The average achieved rates charged daily for a hotel room in a given period.

**Gross Yield**

The annual return an investor could expect for a particular building/unit from rental income. Calculated as annual gross rent (inclusive of non-recoverable expenditure, taxes and other service costs, etc) as a percentage of the capital value of the property.

**Serviced Apartment**

Apartments which operate as part of a hotel, where one can stay for a flexible time duration, usually from 1 month to a few years.

**Stock**

Total floorspace, i.e. both occupied and vacant for a particular property sector.

**Urbanisation**

The social process whereby cities grow by way of migration of rural population into towns and cities.

**Vacancy**

Floorspace that is empty - i.e. not occupied. It may be being marketed, or it may not (whether because a lessee is not occupying, it is being refurbished, or deliberately being left empty by the landlord).



**(a) The Land System of The PRC**

All land in the PRC is either state-owned or collectively owned, depending on the location of the land. All land in the urban areas of a city or town is state-owned, and all land in the rural areas of a city or town and all rural land is, unless otherwise specified by law, collectively owned. The state has the right to reclaim land in accordance with law if required for the benefit of the public.

Although all land in the PRC is owned by the state or by collectives, private individuals and businesses and other organisations are permitted to hold, lease and develop land for which they are granted land use rights.

**(b) National legislation**

In April 1988, the constitution of the PRC was amended by the National People's Congress to allow for the transfer of land use rights for value. In December 1988, the Land Administration Law of the PRC 《中華人民共和國土地管理法》 was amended to permit the transfer of land use rights for value.

Under the Interim Regulations of the People's Republic of China on Grant and Transfer of the Right to Use State-owned Urban Land 《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》 (“**Interim Regulations on Grant and Transfer**”) promulgated in May 1990, local governments at or above county level have the power to grant land use rights for specific purposes and for a definite period to a land user pursuant to a contract for the grant of land use rights against payment of a grant premium.

Under the Interim Regulations on Grant and Transfer, there are different maximum periods of grant for different uses of land. They are generally as follows:

Use of Land	Maximum Period in Years
Commercial, tourism, entertainment .....	40
Residential .....	70
Industrial .....	50
Public utilities .....	50
Others .....	50

Under the Interim Regulations on Grant and Transfer, all local and foreign enterprises are permitted to acquire land use rights unless the law provides otherwise. The state may not reclaim lawfully granted land use rights prior to expiration of the term of grant unless public interest requires repossession by the state under special circumstances, in which case compensation will be paid by the state. A land grantee may lawfully transfer, mortgage or lease its land use rights to a third party for the remainder of the term of grant.

Upon expiration of the term of grant, renewal is possible subject to the execution of a new contract for the grant of land use rights and payment of a premium. If the term of the grant is not renewed, the land use rights and ownership of any buildings erected on the land will revert to the state without compensation.

In accordance with the Regulations on the Grant of State-owned Land Use Rights Through Competitive Bidding, Public Auction and Listing-for-Sale promulgated by the Ministry of Land and Resources 《招標拍賣掛牌出讓國有土地使用權規定》 on 9th May 2002 and implemented on 1st July 2002, and the Urban Real Estate Management Law 《城市房地產管理法》 implemented on 1st January 1995 and amended on 30th August 2007 (the “**Urban Real Estate Law**”), land for commercial use, tourism, entertainment and commodity housing development must be granted by means of competitive bidding, public auction or listing-for-sale.

According to the Regulations on the Grant of State-owned Construction Land Use Rights through Competitive Bidding, Public Auction and Listing-for-Sale 《招標拍賣掛牌出讓國有建設用地使用權規定》 promulgated by the Ministry of Land and Resources on 28th September 2007 and implemented on 1st November 2007, land for industrial use, commercial use, tourism, entertainment, commodity housing development and land which attracts two or more applicants must be granted by means of competitive bidding, public auction or listing-for-sale.

**(c) Grant**

PRC law distinguishes between the ownership of land and the right to use land. Land use rights can be granted by the state to us to entitle us to the exclusive use of a piece of land for a specified purpose within a specified term and on such other terms and conditions as may be prescribed. A premium is payable on the grant of land use rights. The maximum term that can be granted for the right to use a piece of land depends on the purpose for which the land is used. As described above, the maximum limits specified in the relevant regulations vary from 40 to 70 years depending on the purpose for which the land is used.

Under the Regulations on the Grant of State-owned Land Use Rights Through Competitive Bidding, Public Auction and Listing-for-Sale, competitive bidding of land use rights is where the relevant land administration authority (the “**grantor**”) issues a bidding announcement, inviting individuals, legal persons or other organisations (whether specified or otherwise) to participate in tender for the land use rights of a particular parcel of land, with the land user to be determined according to the results of the biddings. Auction for land use rights is where the grantor issues an auction announcement, and the bidders can at specified time and location openly bid for a parcel of land. Listing-for-sale is where the grantor issues a listing-for-sale announcement, and in accordance with the announcement, the land grant conditions will be listed in a specified land grant exchange within a specified period, bidders’ payment applications will be listed and the land user will be granted according to the bidder’s payment applications at the end of such listing period. The procedures are as follows:

- (i) the land authority under the government of the city and county issues an announcement at least 20 days prior to the day of competitive bidding, public auction or listing-for-sale. The announcement includes without limitation basic particulars of the land parcel, qualification requirements of the bidder and auction applicants, the methods and criterion used to confirm the winning tender or winning bidder and the deposit of the bid;
- (ii) the grantor conduct a qualification verification of the bidding applicants and auction applicants and instructs the applicants who satisfy the requirements of the announcement to attend the competitive bidding, public auction or listing-for-sale;

- (iii) after determining the winning tender or the winning bidder by holding a competitive bidding, public auction or listing-for-sale, the grantor and the winning tender or winning bidder then enter into a confirmation. The grantor refunds the other applicants their deposits;
- (iv) the grantor and the winning tender or winning bidder then enter into a land use right grant contract at the time and venue set in the confirmation. The deposit of the bid paid by the winning tender or winning bidder is deemed as part of the assignment price of the state-owned land use rights; and
- (v) the winning tender or winning bidder applies for the land registration after paying the assignment price. The people's government of the municipality and county level or above then issues the "Land Use Rights Certificate".

The Regulations on the Grant of State-owned Construction Land Use Rights through Competitive Bidding, Public Auction and Listing-for-Sale further emphasised that the winning tender or winning bidder must apply for the land registration after paying the entire premium, in accordance with the State-owned Construction Land Use Rights Assignment, before obtaining the State-owned Construction Land Use Rights Certificate. If the winning tender or winning bidder does not pay the entire assignment price, it will not be granted the state-owned construction land-use right certificates. Proportional division and grant of the state-owned construction land-use right certificates corresponding to the amount of the assignment price paid is not allowed.

In June 2003, the Ministry of Land and Resources of the PRC promulgated the Regulation on Transfer of State-Owned Land Use Rights by Agreement 《協議出讓國有土地使用權規定》. According to this regulation, if there is only one entity interested in using the land, the land use rights (excluding land use rights used for business purposes including commercial, tourism, entertainment and commodity residential properties) may be granted by way of agreement. The local land bureau, together with other relevant government departments including the city planning authority, will formulate a plan concerning issues including the specific location, boundary, purpose of use, area, term of grant, conditions of use, conditions for planning and design as well as the proposed land premium, which shall not be lower than the minimum price regulated by the state, and submit such plan to the relevant government for approval. Afterwards, the local land bureau and the person who is interested will negotiate and enter into the grant contract based on the above-mentioned plan. If two or more entities are interested in the land use rights to be granted, such land use rights shall be granted by means of tender, auction or listing-for-sale.

Upon signing the land grant contract, the grantee is required to pay the land premium pursuant to the terms of the contract and the contract is then submitted to the relevant local bureau for the issue of the land use right certificate. Upon expiration of the term of grant, the grantee may apply for its renewal. Upon approval by the relevant local land bureau, a new contract is entered into to renew the grant, and a grant premium shall be paid.

In order to control and facilitate the procedure for obtaining land use rights, several local governments have stipulated standard provisions in land grant contracts. Such provisions generally include terms such as use of land, land premium and manner of payment, building restrictions including site coverage, total GFA and height limitations, constructions of public facilities, submission of building plans and approvals, deadlines for completion of construction, town planning

requirements, restrictions against alienation before payment of premiums and completion of prescribed development and liabilities for breach of contract. Any change requested by the land user in the specified use of land after the execution of a land grant contract will be subject to approvals from the relevant land bureau and the relevant urban planning department, and a new land use contract may have to be signed and the land premium may have to be adjusted to reflect the appreciation of the new use. Registration procedures must then be carried out immediately.

On 30th May 2006, the Ministry of Land and Resources issued the Urgent Notice on Utterly Strengthening the Administration of Land 《關於當前進一步從嚴土地管理的緊急通知》. The notice stated, amongst other things, that (i) land for property development must be assigned by competitive bidding, public auction or listing-for-sale and (ii) the supervision and examination of the performance of land use contract should be strengthened, and the defaulting parties be prosecuted.

The PRC Ministry of Land and Resources issued the Circular on Certain Issues Concerning Strengthening Land Supply and Supervision for Real Estate 《國土資源部關於加強房地產用地供應和監管有關問題的通知》 on 8th March 2010. The circular requires developers to make a 50% down payment of the land premiums within one month from the date of the land grant contract, and to make the rest of the payment within a year. Where a developer enters into a land grant contract but fails to pay land premiums, the relevant land shall be confiscated.

On 17th April 2010, the State Council issued the Notice on Resolutely Curbing the Soaring of Housing Prices in Some Cities 《國務院關於堅決遏制部分城市房價過快上漲的通知》, which strengthens the supervision on land purchase and financing by real estate development enterprises. According to the Notice, the departments of land and resources shall restrict the enterprises which have violated laws and regulations when purchasing new land. When a real estate development enterprise participates in the auction, development and construction of land, its shareholder(s) shall not illegally provide loans, on-lending, guarantee or other relevant financing conveniences to them. Commercial banks shall enforce the pre-loan examination and post-loan management on development loans extended to real estate enterprises. For real estate development enterprises which have left any land idle or engaged in land speculation, commercial banks shall not grant loans to such enterprises for new development projects, and the securities regulatory departments shall suspend the approval of their listing, refinancing and restructuring of major assets.

#### **(d) Transfer**

After land use rights relating to a particular area of land have been granted by the state, unless any restriction is imposed, the party to whom such land use rights have been granted may transfer, lease or mortgage such land use rights for a term not exceeding the term which has been granted by the state. The difference between a transfer and a lease is that a transfer involves the vesting of the land use rights by the transferor in the transferee during the term for which such land use rights are vested in the transferor. A lease, on the other hand, does not involve a transfer of such rights by the lessor to the lessee. Furthermore, a lease, unlike a transfer, does not usually involve the payment of a premium. Instead, a rent is payable during the term of the lease. Land use rights cannot be transferred, leased or mortgaged if the provisions of the land grant contract, with respect to the prescribed period and conditions of investment, development and use of the land, have not been complied with. In addition, different areas of the PRC have different conditions which must have been fulfilled before the respective land use rights can be transferred, leased or mortgaged.

All transfers, mortgages and leases of land use rights must be evidenced by a written contract registered with the relevant local land bureau at municipality or county level. Upon a transfer of land use rights, all rights and obligations contained in the contract pursuant to which the land use rights were originally granted by the state are deemed to be incorporated as part of the terms and conditions of such transfer, depending on the nature of the transaction.

Under Article 38 of the Urban Real Estate Law, real property that has not been registered and a title certificate for which has not been obtained in accordance with the law cannot be transferred. Under Article 39 of the Urban Real Estate Law, if land use rights are acquired by means of grant, the following conditions must have been met before the land use rights may be transferred: (i) the premium for the grant of land use rights must have been paid in full in accordance with the land grant contract and a land use right certificate must have been obtained; (ii) investment or development must have been made or carried out in accordance with terms of the land grant contract; (iii) for housing construction projects, more than 25% of the total amount of development for investment must have been made or completed; and (iv) where the development or investment involves a large tract of land, conditions for use of the land for industrial or other construction purpose have been achieved.

**(e) Termination**

A land use right terminates upon the expiry of the term of grant specified in the land grant contract and the resumption by the state of that right.

The state generally will not withdraw a land use right before the expiration of its term of grant and if it does so for special reasons, such as in the public interest, it must offer proper compensation to the land user, having regard to the surrounding circumstances and the period for which the land use right has been enjoyed by the user.

Upon expiry, the land use right and ownership of the related buildings erected on the land and other attachments may be acquired by the state without compensation. The land user will take steps to surrender the land use right certificate and cancel the registration of the certificate in accordance with relevant regulations.

A land user may apply for renewal of the land use rights and, if the application is granted, the land user is required to enter into a new land grant contract, pay a premium and effect appropriate registration for the renewal grant.

**(f) Document of Title**

In the PRC, there are two registers for real estate. Land registration is achieved by the issue of a land use right certificate by the relevant authorities to the land user. It is evidence that the land user has obtained land use rights which can be transferred, mortgaged or leased. The building registration is the issue of a real estate certificate to the owner. It is evidence that the owner has obtained building ownership rights in respect of the buildings erected on that piece of land. According to the Measures for Land Registration 《土地登記辦法》 promulgated by the Ministry of Land and Resources on 30th December 2007 and implemented on 1st February 2008, and the Measures for Building Registration 《房屋登記辦法》 promulgated by the Ministry of Construction on 15th February 2008 and implemented on 1st July 2008, all duly registered land use rights and building ownership rights are protected by the law.

In connection with these registration systems, real estate and land registries have been established in the PRC. In most cities in the PRC, the above systems are maintained separately. However, in certain cities such as Shanghai, the two systems have been consolidated and a single composite real estate and land use right certificate will be issued evidencing the ownership of both land use rights and the buildings erected on the land.

**(g) Idle Land**

According to the Measures on Disposing Idle Land 《閒置土地處置辦法》 enacted and enforced by the Ministry of Land and Resources on 28th April 1999, land can be classified as idle land under any of the following circumstances: (i) where development and construction of the land has not commenced within the prescribed time limit after obtaining the land use right without consent from the government which approved the use of the land; (ii) where the “Contract on Paid Use of the Right to Use State-Owned Land” 《國有土地有償使用合同》 or the “Approval Letter on Land Used for Construction” 《建設用地批准書》 has not prescribed the date of commencing the development and construction, the development and construction of the land is not commenced at the expiry of one year from the date when the “Contract on Paid Use of the Right to Use State-Owned Land” became effective or when the administrative department of land issued the “Approval Letter on Land Used for Construction”; (iii) the development and construction of the land has commenced but the area of the development and construction that has commenced is less than one-third of the total area to be developed and constructed, or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval; or (iv) other circumstances prescribed by the laws and the administrative regulations.

The city- or county-level land administrative department shall, after a piece of land which has been ascertained as idle land, notify the land user and draft a proposal on the methods of disposal of the idle land, including but not limited to extending the time period for development and construction (provided that the extension shall be no longer than one year), changing the use of the land, arranging for temporary use, ascertaining a new land user by competitive bidding, public auction. The administrative department of land under the government of city or county level shall, after the proposal on disposal of idle land has been approved by the government which originally approved the use of the land, arrange for implementation of the proposal. For any idle land which is obtained by grant and is within the scope of city planning, if the work has not commenced after one year from the prescribed date of commencement, a surcharge on the idle land equivalent to less than 20% of the grant premium may be levied; if the work has not commenced after two years from the prescribed date of commencement, the land can be confiscated without any compensation. However, the preceding stipulations shall not apply if the delay is caused by force majeure, acts of government or acts of other relevant departments under the government, or by the indispensable preliminary work.

On 3rd January 2008, the State Council issued the Notice on Promoting the Saving and Intensification of Use of Land 《關於促進節約集約用地的通知》 which urges the full and effective use of existing construction land and the preservation of farming land. The notice also emphasises the enforcement of the current rules on idle land fee for any land left idle for over one year but less than two years, the amount of which is equal to 20% of the land premium.

On 26th January 2011, the State Council issued the Notice on Further Improvement of the Regulation and Control of Real Estate Market 《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》, pursuant to which the qualification certificates and the sources of capital of real

estate enterprises will be censored. If a real estate development enterprise fails to obtain a construction permit two years after the land is provided, the land will be confiscated and fines will be imposed accordingly.

#### (h) Establishment of a Real Estate Development Enterprise

According to the Urban Real Estate Law, a real estate developer is defined as an enterprise which engages in the development and sale of real estate for the purpose of making profits. Under the Regulations on Administration of Development of Urban Real Estate 《城市房地產開發經營管理條例》 (the “**Development Regulations**”) promulgated by the State Council on 20th July 1998, in addition to requirements on establishing enterprises, an enterprise that engages in development of real estate must satisfy the following requirements: (i) its registered capital must be RMB1 million or more and (ii) it must have four or more full-time professional real estate/construction technicians and two or more fulltime accounting officers, each of whom must hold the relevant qualification certificate. The local government of a province, autonomous region or municipality directly under the central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

To establish a real estate development enterprise, the developer should apply for registration with the administration for industry and commerce on or above the county level. The real estate developer must also report its establishment to the real estate development authority in the location of the registration authority, within 30 days of the receipt of its business licence.

Under the Foreign Investment Industrial Guidance Catalogue 《外商投資產業指導目錄》 promulgated jointly by the MOC and the NDRC in November 2004, the development and construction of ordinary residential units falls within the category of industries in which foreign investment is encouraged, whereas the development of a whole land lot and the construction and operation of high end hotels, villas, premium office buildings, international conference centres and large theme parks falls within the category of industries in which foreign investment is subject to restrictions, while other real estate development falls within the category of industry in which foreign investment is permitted. On 31st October 2007, the MOC and NDRC jointly issued the new Foreign Investment Industrial Guidance Catalogue effective from 1st December 2007, under which the development and construction of ordinary units falls within the category of industry in which foreign investment is permitted, whereas the secondary market transaction in real estate sector, real estate intermediary or agent falls within the category of industry in which foreign investment is subject to restrictions. A foreign investor intending to engage in the development and sale of real estate may establish a sino-foreign equity joint venture, a sino-foreign cooperative joint venture or a wholly-owned foreign enterprise according to laws and regulations relating to foreign investment in the real estate industry. Prior to its registration with the department of administration of industry and commerce, the enterprise must be approved by commercial authorities and obtain an Approval Certificate for a Foreign Investment Enterprise.

On 11th July 2006, the Ministry of Construction, MOC, NDRC, PBOC, SAIC and SAFE jointly promulgated the Circular on Standardising the Admittance and Administration of Foreign Capital in the Real Estate Market 《關於規範房地產市場外資准入和管理的意見》, which state that: (i) an overseas entity or individual investing in real estate in the PRC other than for self-use, shall apply for the establishment of a Foreign Invested Real Estate Enterprise (“**FIREE**”) in accordance with applicable PRC laws and shall only conduct operations within the authorised business scope after

obtaining the relevant approvals from and registering with the relevant governmental authorities; (ii) the registered capital of a FIREE with a total investment of US\$10 million or more shall not be less than 50% of its total investment amount, whereas for a FIREE with a total investment of less than US\$10 million, the current rules on registered capital shall apply; (iii) a newly established FIREE can first obtain an approval certificate and business license which are valid for one year. The official approval certificate and business license can be obtained by submitting the land use right certificate to the relevant government departments after the land grant premium for the land has been paid; (iv) an equity transfer of a FIREE or the transfer of its projects, as well as the acquisition of a domestic real estate enterprise by foreign investors, must first be approved by the commercial authorities. The investor shall submit a letter to the commercial authorities confirming that it will abide with the land grant contract, the construction land planning permit and the construction works planning permit. In addition, the investor shall also submit the land use right certificate, the evidence from the construction authorities confirming the alteration of archives and evidence from the tax authorities confirming that tax relating to the transfer has been fully paid; (v) foreign investors acquiring a domestic real estate enterprise through an equity transfer, acquiring the Chinese investors' equity interest in an equity joint venture or through any other methods shall pay the purchase price from its own capital in a lump sum rather than by instalments and shall ensure that the enterprise's employees and bank loans are treated and dealt with in accordance with applicable PRC laws; (vi) if the registered capital of a FIREE is not fully paid up, its land use right certificate has not been obtained or the paid-in capital is less than 35% of the total investment amount of the project, the FIREE is prohibited from borrowing from any domestic or foreign lenders and SAFE shall not approve the settlement of any foreign loans; (vii) the investors in a FIREE shall not in any manner stipulate a fixed return clause or equivalent clause in their joint venture contract or in any other documents; and (viii) a branch or representative office established by a foreign investor in the PRC (other than a FIREE), or a foreign individual working or studying in the PRC for more than one year, is permitted to purchase commodity residential properties located in the PRC only for the purpose of self-residence. Residents of Hong Kong, Macau and Taiwan and overseas Chinese may purchase commodity residential properties limited to a certain floor area based on their living requirements in the PRC for self-residence purposes.

On 23rd May 2007, MOC and SAFE jointly issued the Notice on Further Strengthening and Regulating the Approval and Supervision on Foreign Investment in Real Estate Sector in the PRC 《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》 which made the following requirements for approval and supervision of foreign investment in real estate:

- foreign investment in the real estate sector in the PRC relating to high-grade properties will be strictly controlled;
- before obtaining approval for the setup of real estate entities with foreign investment, either (i) both the land use right certificates and housing ownership right certificates must be obtained or, (ii) contracts for obtaining land use rights or housing ownership rights must be entered into;
- entities which have been set up with foreign investment need to obtain approval before they expand their business operations into the real estate sector and entities which have been set up with foreign investment for real estate development operation need to obtain new approval if they are engaged in new real estate development projects;



- acquisitions of real estate entities and foreign investment in the real estate sector by way of round trip investment will be strictly regulated. Foreign investors must not avoid approval procedures by changing actual controlling persons of domestic real estate enterprises;
- parties to real estate entities with foreign investment should not in any way guarantee a fixed investment return;
- local approval authorities should file the approvals of establishment of foreign investment real estate entities with MOC for their records in a timely manner according to applicable laws;
- foreign exchange administration authorities and banks authorised to conduct foreign exchange business should not effectuate foreign exchange settlements regarding capital account items to those that fail to file with MOC or fail to pass the annual reviews; and
- for those real estate entities which are illegally approved by local authorities for their establishment, (i) MOC should carry out investigation, order punishment and make rectification, and (ii) foreign exchange administrative authorities should not carry out foreign exchange registrations for such entities.

On 10th July 2007, SAFE issued the Notice Regarding the Publication of the First Group of Real Estate Enterprises with Foreign Investment That Have Properly Registered with the MOC 《關於下發第一批通過商務部備案的外商投資房地產項目名單的通知》. This new regulation restricts the ability of foreign invested real estate companies to raise funds offshore and then inject funds into the companies either through capital increase or by way of shareholder loans. The notice stipulates, among other things:

- that branches of SAFE will no longer process foreign debt registration and examination and approval of foreign exchange settlements for foreign debt for real estate enterprises with foreign investment that obtained approval certificates from commercial authorities and filed with MOC on or after 1st June 2007; and
- that branches of SAFE will no longer process foreign exchange registration (or change of such registration) or foreign exchange settlement and sale under the capital account for real estate enterprises with foreign investment that obtained approval certificates from commercial authorities on or after 1st June 2007 but failed to file with MOC.

#### (i) Qualifications of a Real Estate Developer

Under the Development Regulations, the real estate development authorities shall examine applications for registration of qualifications of a real estate developer when it reports its establishment, by considering its assets, professional personnel and business results. A real estate developer shall only undertake real estate development projects in compliance with the approved qualification registration.

In accordance with the Provisions on Administration of Qualifications of Real Estate Developers 《房地產開發企業資質管理規定》 (“**Provisions on Administration of Qualifications**”) promulgated by the Ministry of Construction on 29th March 2000, a real estate developer shall apply for

registration of its qualifications according to such Provisions. An enterprise may not engage in development and sale of real estate without a qualification classification certificate for real estate development. The construction authority under the State Council oversees the qualifications of real estate developers throughout the country, and the real estate development authority under a local government on or above the county level shall oversee the qualifications of local real estate developers.

In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into four classes. The approval system is tiered, so that confirmation of class 1 qualifications shall be subject to preliminary examination by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of class 2 or lower qualifications shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority.

After a newly established real estate developer reports its establishment to the real estate development authority, the latter shall issue a Provisional Qualification Certificate to the eligible developer within 30 days of its receipt of the above report. The valid period of the Provisional Qualification Certificate is one year, the real estate development authority can extend the period according to the developer's specific operating circumstances. But the period of extension may not exceed two years. The real estate developer may apply for qualification classification by the real estate development authority within one month before expiry of the Provisional Qualification Certificate.

A developer of any qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another classification. A class 1 real estate developer is not restricted as to the scale of real estate project to be developed and may undertake a real estate development project anywhere in the country. A real estate developer of class 2 or lower may undertake a project with a GFA of less than 250,000 square metres and the specific scope of business shall be as confirmed by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government.

#### **(j) Development of a Real Estate Project**

The Development Regulations provide that a real estate development project may be carried out having regard to the overall land use plan, annual construction land schedule, applicable municipal zoning plan and the annual property development scheme. Those projects which should be approved by the planning control authorities in accordance with the relevant rules should also be reported and approved by the planning control authorities and be brought into the annual planning of the investment in fixed assets. Under the State Council's Notice on Stringent Control Over High Class Real Estate Development Projects 《關於嚴格控制高檔房地產開發項目的通知》 issued in May 1995, for a high class real estate project with a GFA of more than 100,000 square metres or total investment of more than RMB200 million or foreign investment of US\$30 million or more, the project proposal and commencement of works shall be subject to approval of the State Development Planning Commission. For a high class real estate project with a GFA of more than 20,000 square metres but less than 100,000

square metres or total investment of more than RMB30 million but less than RMB200 million, the project proposal and commencement of works shall be subject to approval of the Development Planning Commission of the relevant province, autonomous region, municipality directly under the central government or separate-planning city and then a report to the State Development Planning Commission. A high class real estate project with foreign investment of more than US\$100 million is subject to approval of the State Council based on the recommendation of the State Development Planning Commission.

As mentioned above, under the Foreign Investment Industrial Guidance Catalogue 《外商投資產業指導目錄》 jointly promulgated by the MOC and the NDRC in November 2004, the development of a whole land lot and the construction and operation of high end hotels, villas, premium office buildings, international conference centres and large theme parks falls within the category of industries in which foreign investment is subject to restrictions, while other real estate development falls within the category of industry in which foreign investment is permitted. On 31st October 2007, the MOC and NDRC jointly issued the new Foreign Investment Industrial Guidance Catalogue effective from 1st December 2007, under which the development of a whole land lot and the construction and operation of high end hotels, villas, premium office buildings, international conference centres and large theme parks still falls within the category of industries in which foreign investment is subject to restrictions. In addition, the secondary market transaction in real estate sector, real estate intermediary or agent falls within the category of industry in which foreign investment is restricted.

According to the Interim Provisions on Approving Foreign Investment Project 《外商投資項目核准暫行管理辦法》 promulgated by the NDRC in October 2004, the NDRC shall examine and approve the foreign investment projects with total investment of US\$100 million or more within the category of industries in which foreign investment is encouraged or permitted and those with total investment of US\$50 million or more within the category of industries in which foreign investment is subject to restrictions as classified in the “Foreign Investment Industrial Guidance Catalogue”, while the local development and reform authorities shall examine and approve the foreign investment projects with a total investment of less than US\$100 million within the category of industries in which foreign investment is encouraged or permitted and those with a total investment of less than US\$50 million within the category of industries in which foreign investment is subject to restrictions as classified in the “Foreign Investment Industrial Guidance Catalogue.”

Under the Interim Regulations on Grant and Transfer, a system of grant and transfer of the right to use State-owned land is adopted. A land user shall pay a grant price to the State as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use right within the term of use. Under the Interim Regulations on Grant and Transfer and the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county shall enter into a grant contract with the land user to provide for the grant of land use right. The land user shall pay the grant price as provided by the grant contract. After payment in full of the grant price, the land user shall register with the land administration authority and obtain a Land Use Right Certificate which evidences the acquisition of land use rights.

The Urban Real Estate Law and the Development Regulations provide that, except for land use rights which may be obtained through allocation pursuant to PRC laws or the stipulations of the State Council, land use rights for a site intended for real estate development shall be obtained through grant.

Under the Regulations on the Grant of State-Owned Land Use Rights Through Competitive Bidding, Public Auction and Listing-for-Sale 《招標拍賣掛牌出讓國有土地使用權規定》 effective from 1st July 2002, and the Urban Real Estate Management Law 《城市房地產管理法》 implemented on 1st January 1995 and amended on 30th August 2007, state-owned land use rights for the purposes of commercial use, tourism, entertainment and commodity residential property development in the PRC may be granted by the government only through public tender, auction and listing-for-sale.

The Development Regulations also provide that a real estate developer shall record any major events which occur in the course of construction in the Real Estate Development Project Manual and periodically submit the same to the real estate development authority for its records.

Under the Measures for Control and Administration of Grant and Transfer of Right to Use Urban State-owned Land 《城市國有土地使用權出讓轉讓規劃管理辦法》 promulgated by the Ministry of Construction in December 1992, the assignee to a grant contract, i.e. a real estate developer, shall legally apply for a Planning Permit for the construction land planning permit from the municipal planning authority with the grant contract.

After obtaining a Planning Permit for Land Use, a real estate developer shall organise the necessary survey, planning and design work having regard to planning and design requirements. For the planning and design proposal in respect of a real estate development project, the relevant report and approval procedures required by the Law of the PRC on Urban and Rural Planning 《城鄉規劃法》 promulgated by the Standing Committee of the National People's Congress in October 2007, and local statutes on municipal planning must be followed and a Planning Permit for Construction Projects must be obtained from the municipal planning authority.

Pursuant to the Circular on Certain Issues Concerning Strengthening Land Supply and Supervision for Real Estate 《國土資源部關於加強房地產用地供應和監管有關問題的通知》 issued by the PRC Ministry of Land and Resources on 8th March 2010, a real estate developer shall file written reports with the department of land and resources upon the commencement and completion of a project. If the real estate developer fails to commence or complete the construction within the period prescribed in the land grant contract, it shall report the reason for delay to the department of land and resources within 15 days before the end of the period. Any real estate developer which fails to file reports shall be prohibited from acquiring land in the PRC for at least one year.

#### **(k) Demolition and Removal**

In accordance with the Regulations for the Administration of Demolition and Removal of Urban Housing 《城市房屋拆遷管理條例》 (“**Regulations on Demolition**”), which were promulgated by the State Council on 13th June 2001, upon obtaining approvals for a construction project, construction plan and State-owned land use rights, a real estate developer may apply to the department in charge of demolition and removal of the municipal or county people's government of the place where the real estate is located for a permit for housing demolition and removal. Upon granting an approval and issuing a demolition and removal permit, the department in charge of demolition and removal shall issue a demolition and removal notice to the inhabitants of the area to be demolished. The demolition and removal party shall implement the demolition and removal within the area and period specified in the housing demolition and removal permit. If the demolition and removal party fails to complete the demolition and removal works within the permitted period, it shall, at least 15 days prior to the expiry of the permit, apply to the original approval department in charge of demolition and removal for an extension.

During the demolition and removal period announced by the department in charge of demolition and removal, the demolition and removal party and the parties subject to demolition and removal shall enter into an agreement for compensation and relocation in respect of the demolition and removal. If the demolition and removal party, the parties subject to demolition and removal and the house tenant cannot reach an agreement, any party concerned may apply to the original approval department in charge of demolition and removal for a ruling. Such ruling shall be rendered within 30 days of the application. If any party disagrees with the ruling, it may initiate proceedings in the People's Court within three months after the delivery of the ruling. Pursuant to law, if the demolition and removal party has provided housing or monetary compensation to the party subject to demolition and removal, the demolition and removal shall not be stopped during the period of legal proceedings.

Pursuant to the Regulations on Demolition, compensation for housing demolition and removal may be effected by way of monetary compensation or exchange of house property rights. If the monetary compensation method is used, the amount of compensation shall be assessed on the basis of the real property market price determined by the location, uses and the gross area of the housing to be demolished. The demolition and removal party shall entrust a qualified real estate assessment agency to conduct an assessment on the housing to be demolished. If property right exchange is used, the demolition and removal party and the party subject to demolition and removal shall, on the basis of the real property market price and the location, uses and the gross area of the housing to be demolished, calculate the amount of compensation which shall be made for the housing to be demolished, the real property market price of the housing to be exchanged for the housing to be demolished, and work out the difference between the two.

In addition to paying the demolition and removal compensation, the demolition and removal party shall pay removal allowance to the party subject to demolition and removal. During the interim period, when the party subject to demolition and removal arranges accommodation by himself, the demolition and removal party shall pay temporary relocation allowance. On the other hand, when the demolition and removal party provides accommodation to the party subject to demolition and removal during the interim period, the demolition and removal party need not to pay the temporary relocation allowance.

The Regulations on Demolition was repealed by the Expropriation Rules. In accordance with the Expropriation Rules, as promulgated by the State Council and effective on 21st January 2011, buildings on state-owned land can be expropriated for public interest reasons, and those owners of expropriated buildings which are located on state-owned land are entitled to fair indemnification. Where a building is expropriated according to law, the corresponding right to use the state-owned land shall be retracted at the same time. Compensation agreements regarding the compensation methods, compensation amount, payment terms and other relevant issues shall be entered into between those expropriated owners and the relevant PRC governmental authorities responsible for house expropriation. The compensation for the value of the expropriated building shall not be less than the market price of a property similar to the expropriated building on the date of announcement of the decision to expropriate the building. The value of the expropriated building shall be assessed by a qualified real estate price assessment institution according to the assessment measures for building expropriation. Indemnification shall be made prior to the relocation. In the event that no compensation agreement was reached within the time limit, the city or county government may make an administrative decision on the indemnification according to the application of the relevant PRC governmental authorities responsible for house expropriation and publish a government notice within

the area of the expropriation. No enterprise or individual may compel the expropriated owners to relocate by means of violence, threat or other illegal methods. Property developers are prohibited from participating in relocation arrangement.

### (I) Construction

Before commencing any construction work, the developer shall apply for a Permit for Erection of Construction Projects from the construction authority under the local government above the county level according to the Measures for Administration of Granting Permission for Commencement of Construction Works 《建築工程施工許可管理辦法》 promulgated by the Ministry of Construction in October 1999 (amended in July 2001).

Under the Building Construction and Municipal Facilities Construction Tender Management Regulations 《房屋建築和市政基礎設施工程施工招標投標管理辦法》 (the “**Tender Regulations**”) promulgated in June 2001 which states that a Tender Appraisal Committee should be set up for the appraisal of the tender for construction works for the project. According to the Tender Regulations, the Tender Appraisal Committee to be organised by the tenderee shall include representatives of the tenderee and relevant specialists selected by the tenderee from a list certified by the construction administration authorities. The number of members of the Tender Appraisal Committee shall be an odd number and shall consist of at least five members. The relevant specialists shall make up no less than two-thirds of the membership. In accordance with the Tender Regulations, if the estimated price of a single construction contract amounts to at least RMB2 million or the total investment of the project is at least RMB30 million, the developer is required to undertake a bidding process for the award of the construction contracts.

Pursuant to the Development Regulations and the Interim Measures for the Administration of the Registration of the Inspection and Acceptance of the Completed Building Construction Works and the Municipal Infrastructure Facilities 《房屋建築工程和市政基礎設施工程竣工驗收備案管理暫行辦法》 promulgated by the Ministry of Construction in April 2000 (amended in October 2009) and the Interim Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure 《房屋建築工程和市政基礎設施工程竣工驗收暫行規定》 promulgated by the Ministry of Construction in June 2000, after the completion of the real estate development project, the real estate developer should apply for the project completion inspection and acceptance to the county level or higher local real estate administration authorities. A real estate development project may only be delivered to the buyer after passing the necessary acceptance examination, and may not be delivered before the necessary acceptance examination is conducted or without passing such an acceptance examination. For a housing estate or other building complex project, an acceptance examination shall be conducted upon completion of the whole project and where such a project is developed in phases, an acceptance examination may be carried out for each completed phase. The real estate developer should register the project completion inspection and acceptance within 15 days from the pass of the inspection and acceptance. The project should not be delivered to users if it has not passed the project completion inspection and acceptance. Projects like residential house quarters should pass the composite completion inspection and acceptance. Projects developed in stages can also be inspected and accepted in stages.

**(m) Warranty and Maintenance of Buildings**

Under the Regulations on Quality Management of Construction Projects 《建設工程質量管理條例》 promulgated by the State Council on 30th January 2000, when a construction contractor hands over construction completion examination and acceptance report, it should provide the Quality Guarantee, which should specify scope, term and responsibilities of quality warranty.

According to Measures on the Warranty and Maintenance of Building Construction Projects 《房屋建築工程質量保修辦法》 promulgated by the Ministry of Construction on 30th June 2000 under the normal usage, the warranty and maintenance period to different parts of the construction projects should not be shorter than the following:

- (i) the reasonable using period as stipulated by the project designing documents for the groundwork foundation and main body structure project;
- (ii) five years for the waterproof project of the surface, the toilet and rooms having waterproof requirements, the leakage preventing of the outside walls;
- (iii) two heating periods/cooling periods for the heating and cooling system;
- (iv) two years for the electrical system, water supply pipe and drainpipe, equipment fixing; and
- (v) two years for the fitment project.

The warranty and maintenance period of other parts of the construction projects may be determined by real estate developers and the builder's agreement.

**(n) Leases of Buildings**

Both the Interim Regulations on Grant and Transfer and the Real Estate Law permit leasing of granted land use rights and the buildings or homes constructed on the land. Leasing of properties situated in urban areas is governed by the Measures for Administration of Leasing of Urban Buildings 《城市房屋租賃管理辦法》 (the “**Leasing Measures**”) prior to 1st February 2011 and is governed by the Administrative Measures for Commodity House Leasing 《商品房屋租賃管理辦法》 since 1st February 2011. The Leasing Measures were promulgated by the Ministry of Construction on 28th April 1995 in accordance with the Real Estate Law in order to strengthen the administration of the leasing of urban buildings. The Leasing Measures permit property owners to lease their properties to others for residential or Commercial Property uses except as otherwise prohibited by relevant law. The landlords and tenants who are the parties to a property lease transaction are required to enter into a written lease agreement specifying all of the terms of the lease arrangement as required by statute. Leasing of buildings and the underlying land use rights shall not exceed 20 years. The lease agreement becomes effective upon signing; however, it must be registered with the relevant real estate administration authority at the municipality or county level within 30 days after its execution for the purpose of protecting the tenant's interest against claims from third parties. A tenant may, upon obtaining consent from the landlord, assign or sublet the premises to sub-tenants. The Administrative Measures for Commodity House Leasing further strengthen the administration of leasing by stipulating more specific procedural rules of lease registration with local real estate administration authority.

On 30th July 2009, the Supreme People's Court issued the Interpretation of Certain Issues concerning the Application of Law for Judging Disputes over Urban Building Leasing Contracts 《關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋》 which became effective on 1st September 2009 (the "**Leasing Interpretation**"). The Leasing Interpretation clarifies that courts should not uphold the claim that a building leasing contract is invalid due to the failure of registration. If parties agreed on such registration being a condition precedent to the effectiveness of building leasing contract, the agreement prevails, unless that one party has performed major obligations which were accepted by the other party.

**(o) Insurance**

There is no mandatory provision in the PRC laws, regulations and government rules which require a property developer to take out insurance policies for its real estate developments.

**(p) Major Taxes Applicable to the Company's Property Development Business in the PRC**

See the section headed "PRC Taxation" in Appendix VI "Taxation" to this listing document.

**(q) Major Environmental Protection Requirements**

In accordance with the PRC Environmental Protection Law 《環境保護法》 adopted by the Standing Committee of the NPC on 26th December 1989, the Administration Supervisory Department of Environmental Protection of the State Council sets the national guidelines for the discharge of pollutants. The people's governments of provinces, autonomous regions and municipalities directly under the central government may also set their own guidelines for the discharge of pollutants within their own provinces or districts in the event that the national guidelines are inadequate.

A company or enterprise which causes environmental pollution and discharges other polluting materials which endanger the public should implement environmental protection methods and procedures into their business operations. This may be achieved by setting up a system of accountability within the company's business structure for environmental protection; adopting effective procedures to prevent environmental hazards such as waste gases, water and residues, dust powder, radioactive materials and noise arising from production, construction and other activities from polluting and endangering the environment. The environmental protection system and procedures should be implemented simultaneously with the commencement of and during the operation of construction, production and other activities undertaken by the company. Any company or enterprise which discharges environmental pollutants should report and register such discharge with the Administration Supervisory Department of Environmental Protection. A fee may also be imposed on the company for the cost of any work required to restore the environment to its original state. Companies which have caused severe pollution to the environment are required to restore the environment or remedy the effects of the pollution within a prescribed time limit.

If a company fails to report and/or register the environmental pollution caused by it, it will receive a warning or be penalised. Companies which fail to restore the environment or remedy the effects of the pollution within the prescribed time will be penalised or have their business terminated. Companies or enterprises which have polluted and endangered the environment must bear the responsibility for remedying the danger and effects of the pollution, as well as to compensate the any losses or damages suffered as a result of such environmental pollution.



Under the Regulations on the Administration of Environmental Protection of Construction Project 《建設項目環境保護管理條例》 promulgated by the State Council on 29th November 1998, the development of each construction project is subject to the environment impact assessment, and the developer should submit to the competent administrative authorities the environmental impact statement which assess the pollution the construction project is likely to produce and its impact on the environment and stipulate the preventive and curative measures. And only after the competent authorities' examination and approval, can the developer start the construction project.

Under the Provisions on the Inspection and Acceptance of Environmental Protection of Construction Projects 《建設項目竣工環境保護驗收管理辦法》 promulgated by the State Environmental Protection Administration of China on 27th December 2001, each construction project completed is subject to the inspection of the competent environmental protection administrative authorities, and only after the construction project has passed the inspection and acquired the acceptance approval, can it be put into use.

#### (r) Foreign Exchange Controls

The lawful currency of the PRC is the Renminbi, which is currently not freely convertible into foreign exchange. SAFE, under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On 1st January 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which is determined by demand and supply of Renminbi. Pursuant to such systems, the PBOC sets and publishes the daily Renminbi-U.S. dollar exchange rate. Such exchange rate is determined with reference to the transaction price for Renminbi-U.S. dollar in the inter-bank foreign exchange market on the previous day. Also, the PBOC, with reference to exchange rates in the international foreign exchange market, announces the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by the PBOC.

On 29th January 1996, the State Council promulgated Regulations for the Control of Foreign Exchange 《外匯管理條例》 (“**Control of Foreign Exchange Regulations**”) which became effective from 1st April 1996. The Control of Foreign Exchange Regulations classify all international payments and transfers into current account-items and capital account-items. Current account items are no longer subject to SAFE approval while capital account items still are. The Control of Foreign Exchange Regulations were subsequently amended on 14th January 1997 and 5th August 2008. Such amendment affirms that the State shall not restrict international current account payments and transfers.

On 20th June 1996, PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange 《結匯、售匯及付匯管理規定》 (the “**Settlement Regulations**”) which became effective on 1st July 1996. The Settlement Regulations abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. On the basis of the Settlement Regulations, the PBOC published the Announcement on the Implementation of Foreign Exchange Settlement and Sale Banks by Foreign-invested Enterprises 《關於對外商投資企業

實行銀行結售匯的公告》 on 20th June 1996. The announcement permits foreign-invested enterprises to open, on the basis of their needs, foreign exchange settlement accounts for current account receipts and payments of foreign exchange, and specialised accounts for capital account receipts and payments at designated foreign exchange banks.

On 25th October 1998, PBOC and SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swapping Business 《關於停辦外匯調劑業務的通知》 pursuant to which and with effect from 1st December 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprises shall be regulated under the system for the settlement and sale of foreign exchange applicable to banks. On 21st July 2005, the PBOC announced that, beginning from 21st July 2005, the PRC will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the U.S. dollar. The PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

Save for foreign-invested enterprises or other enterprises which are specially exempted by relevant regulations, all entities in the PRC (except for foreign trading companies and production enterprises having import and export rights, which are entitled to retain part of foreign exchange income generated from their current account transactions and to make payments using such retained foreign exchanges in their current account transactions or approved capital account transactions) once were required to sell their foreign exchange income to designated foreign exchange banks. Foreign exchange income from loans issued by organisations outside the territory or from the issuance of bonds and shares is not required to be sold to designated banks, but may be deposited in foreign exchange accounts with designated banks. Pursuant to the Circular of the State Administration of Foreign Exchange on Retaining Foreign Exchange Income under Current Account by Domestic Entities 《關於境內機構自行保留經常項目外匯收入的通知》 issued by the SAFE on 12th August 2007, domestic entities can retain foreign exchange income under current account in light of its operation needs.

Enterprises in the PRC (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks, upon presentation of valid receipts and proof. Foreign-invested enterprises which need foreign currencies for the distribution of profits to their shareholders, and Chinese enterprises which, in accordance with regulations, are required to pay dividends to shareholders in foreign currencies, may with the approval of board resolutions on the distribution of profits, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks.

Convertibility of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction, and prior approval from SAFE or its competent branch.

*The following discussion is a summary of certain anticipated tax consequences of our operations and of an investment in the Shares under tax laws of the PRC and Hong Kong. This discussion does not purport to address all possible tax consequences relating to our operations or to an investment in the Shares. In particular, the discussion does not address the tax consequences under non-Hong Kong and non-PRC tax laws. Accordingly, you should consult your tax adviser regarding the tax consequences of your investment in the Shares. The following discussion is based upon laws and relevant interpretations thereof in effect as at the date of this listing document, all of which are subject to change.*

## **PRC TAXATION**

As the Company is not incorporated in the PRC, your investment in the Shares is largely exempt from PRC tax, except as disclosed in the section headed “Risk Factors — Risks Relating to the PRC and Hong Kong — We may be deemed a PRC resident enterprise under the EIT Law and may be subject to PRC taxation on our worldwide income. Dividends payable by us to our foreign investors and gains on any transfer of Shares may become subject to withholding taxes under current PRC tax laws” in this listing document. However, as some of our business operations are in the PRC and we carry out these business operations through operating subsidiaries and joint ventures organised under the PRC law, our PRC operations and our operating subsidiaries and joint ventures in the PRC are subject to PRC tax laws and regulations, which indirectly affect your investment in the Shares.

### **Dividends from Our PRC Operations**

Under the PRC Income Tax Law for Foreign-Invested Enterprises and Foreign Enterprises effective prior to 1st January 2008, dividends paid by our PRC subsidiaries or joint ventures to us were exempt from PRC income tax. However, pursuant to the EIT Law 《中華人民共和國企業所得稅法》 and its implementation rules that became effective on 1st January 2008, dividends payable by foreign invested enterprises, such as subsidiaries and joint ventures in the PRC, out of their post-2007 retained earnings, to their foreign investors are subject to a PRC withholding income tax (“WIT”) at 10% unless any lower tax treaty rate is applicable. The profits earned by foreign-invested enterprises after 1st January 2008 that are distributed to foreign investors shall be subject to enterprise income tax pursuant to the EIT Law.

Under the EIT Law, enterprises established under the laws of foreign jurisdictions but whose “de facto management body” is located in the PRC are treated as “resident enterprises” for PRC tax purposes, and will be subject to PRC income tax on their worldwide income. For such PRC tax purposes, dividends from PRC subsidiaries to their foreign shareholders, if deemed as PRC resident enterprises are exempt from the WIT. However, the dividends paid by these foreign shareholders to their foreign investors could be subject to 10% WIT unless reduced by tax treaty. Under the implementation rules of the EIT Law, “de facto management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. There is uncertainty as to how the EIT law and its implementation rules will be interpreted or implemented by the relevant tax bureaus.

**Dividends We Pay to You**

The distribution of dividends to the Company's overseas investors is not subject to PRC tax. The EIT Law, however, imposes a WIT at the rate of 10% on dividends paid to overseas investors if the Company is considered as a PRC resident enterprise. The WIT rate may be reduced by tax treaty. It is not clear whether you will be subject to such PRC WIT as a result. Due to these new provisions in the PRC tax law, despite many uncertainties with respect to their actual intentions and practical effects, if we are considered a PRC resident enterprise, the dividends we pay to the overseas investors (with no establishments or place of business in the PRC that is connected to this dividend income) with respect to the Shares may be treated as income derived from sources within the PRC and be subject to the PRC WIT.

**Transfer or Disposition of the Shares**

As the Company is not incorporated in the PRC, any transfer or disposition of the Shares by an overseas investor should not trigger PRC tax liabilities. The EIT Law, however, could invoke the General Anti-Avoidance Rule if the Company is deemed to be set up merely to avoid PRC tax. Under such circumstances, the PRC tax authorities could impose a WIT at the rate of 10% on capital gains realised by these overseas investors from the disposition of the Shares. It is not clear whether you will be subject to such PRC WIT as a result. As these are new provisions in the PRC tax law, there are still many uncertainties with respect to their actual intentions and practical effects.

**Our Operations in the PRC**

Our subsidiaries and joint ventures through which we conduct our business operations in the PRC are subject to PRC tax laws and regulations.

***Deed Tax***

Under the PRC Interim Regulation on Deed Tax 《中華人民共和國契稅暫行條例》, deed tax is chargeable to transferees of land use rights and/or ownership in real properties within the territory of the PRC. Deed tax rate is between 3% to 5% subject to determination by local governments at the provincial level in light of the local conditions.

***Corporate Income Tax***

According to the EIT Law, a uniform income tax rate of 25% has been applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC, as well as PRC enterprises. The EIT Law adopts some transitional preferential measures for enterprises established before the promulgation of the EIT Law which enjoy low tax rates or tax reduction and exemption treatment for a fixed term under tax laws and administrative regulations in force at that time. According to these transitional measures, those which enjoy low tax rates will continue to enjoy the preferential treatment within five years from 1st January 2008 and will gradually transfer to the 25% tax rate; those which enjoy the fixed term tax exemption may continue to enjoy the treatment until the fixed term expires. However, for enterprises that have not made any profits and thus not enjoyed such fixed term exemptions, the period for enjoying preferential income tax treatment will start from the year in which the EIT Law becomes effective.

***Business Tax***

Pursuant to the PRC Interim Regulations on Business Tax 《中華人民共和國營業稅暫行條例》 promulgated by the State Council in December 1993 (amended in November 2008) and its implementation rules, the tax rate of the transfer of immovable properties and intangible assets (including but not limited to land use right) and rental income is 5%.

***Land Appreciation Tax***

Under the PRC Interim Regulation on Land Appreciation Tax 《中華人民共和國土地增值稅暫行條例》 which came into effect in 1994 and its implementation rules of 1995, land appreciation tax applies to both PRC domestic enterprises, foreign-invested enterprise and foreign investors in real properties in the PRC irrespective of whether they are corporate entities or individuals. The tax is payable by a taxpayer on the appreciated value derived from the transfer of land use rights, buildings or other facilities on such land, after deducting the “deductible items” that include the following:

- payments made to acquire land use rights;
- costs and charges incurred in connection with the land development;
- costs and charges in the case of newly constructed buildings and facilities;
- assessed value in the case of old buildings and facilities;
- taxes paid or payable in connection with the transfer of the land use rights, buildings or other facilities on such land; and
- other items allowed by the Ministry of Finance.

The tax rate is progressive and ranges from 30% to 60% of the appreciated value as compared to the “deductible items” as follows:

<b>Appreciation value</b>	<b>LAT rate</b>
Portion not exceeding 50% of deductible items .....	30%
Portion over 50% but not more than 100% of deductible items .....	40%
Portion over 100% but not more than 200% of deductible items .....	50%
Portion over 200% of deductible items .....	60%

***Land Use Tax***

Pursuant to the PRC Interim Regulations on Land Use Tax in respect of Urban Land 《中華人民共和國城鎮土地使用稅暫行條例》 promulgated by the State Council in September 1988 (amended in December 2006), the land use tax in respect of urban land is levied according to the area of relevant land.

As from 1st January 2007, annual land use tax is collected from foreign-invested enterprises at a rate per square metre of between RMB0.6 and RMB30.0 for urban land. The actual tax rate is determined by the local governments at the provincial level.

### *Real Estate Tax*

Under the Interim Regulations of the People's Republic of China on Real Estate Tax 《中華人民共和國房產稅暫行條例》 promulgated by the State Council in September 1986, real properties constructed for self use in the PRC should be subject to real estate tax based on the following basis:

1.2% x (original cost of construction - 10% to 30% deduction rate)

The deduction rate varies according to location.

For real properties leased out in the PRC, real estate tax should be imposed as follows:

12% x rental income.

### *Stamp Duty*

Under the PRC Interim Regulations on Stamp Duty 《中華人民共和國印花稅暫行條例》 promulgated by the State Council in August 1988, foreign enterprises and foreign invested enterprises are subject to stamp duty on all the chargeable documents listed in the regulations. Stamp duty is levied on the execution or receipt in the PRC of certain documents, including contracts for the sale of real properties (including land).

The rate of stamp duty varies depending on the types of chargeable documents. The stamp duty is 0.05% on the sale of real properties, payable by each of the transferor and the transferee.

### *Urban Maintenance and Construction Tax*

Under the PRC Interim Regulations on Urban Maintenance and Construction Tax 《中華人民共和國城市維護建設稅暫行條例》 promulgated by the State Council in February 1985 and the Notice on the Issues Concerning the Levy of Urban Maintenance and Construction Tax 《關於城市維護建設稅徵收問題的通知》 issued by the SAT on 12 March 1994, any taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall be required to pay urban maintenance and construction tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county and a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town.

Foreign investment enterprises and foreign enterprises were temporarily exempted from urban maintenance and construction tax until 30th November 2010 under the Circular on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals 《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》 issued by the State Council on 18th October 2010.

### *Education Surcharge*

Under the Interim Provisions on Imposition of Education Surcharge 《徵收教育費附加的暫行規定》 promulgated by the State Council in April 1986 (last amended by the State Council in August 2005), any taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas 《國務院關於籌措農村學校辦學經費的通知》. Education surcharge shall be calculated and levied at a rate of 3% on the actual amount of consumption, value-added tax and business tax paid by the taxpayer.

Under the Circular on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals 《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》 issued by the State Council on 18th October 2010, foreign investment enterprises and foreign enterprises were temporarily exempted from education surcharge until 30 November 2010.

### **Local Education Surcharge**

Under the Circular on Issues Concerning Policies on Unifying Local Education Surcharge 《關於統一地方教育附加政策有關問題的通知》 issued by the Ministry of Finance on 7th November 2010, all the local governments shall unify and resume the collection of local education surcharge (which is levied at 2% of the consumption tax, business tax or value added tax payable). Since the circular does not specify an effective date for the above policy, the enforcement of the policy may vary between different local governments.

### **Arrangement for avoidance of double taxation between mainland and Hong Kong**

We are subject to the Arrangement for Avoidance of Double Taxation with respect to Hong Kong taxes from the year of assessment beginning on or after 1st April 2007 and with respect to PRC taxes from the taxable year beginning on or after 1st January 2007. Dividends we receive from our operating subsidiaries in the PRC could be subject to a 5% withholding tax rate under the Avoidance of Double Taxation Arrangement so long as we hold at least 25% of equity interests in our PRC operating entities and upon the PRC tax authority approving our application required under the Administrative Measures on Entitlement of Non-Residents to Treatment Under Double Taxation Agreement (Trial Implementation) 《非居民享受稅收協定待遇管理辦法(試行)》 (“**Circular 124**”).

Interest payments we receive from our bona fide loans to our operating subsidiaries or other entities in the PRC will be subject to a 7% withholding tax rate under the Avoidance of Double Taxation Arrangement, provided that we meet the conditions under Circular of the SAT on Interpretation and Determination of “Beneficial Owners” under Double Taxation Agreements 《關於如何理解和認定稅收協定中“受益所有人”的通知》 (“**Circular 601**”) and Circular 124. Royalty payments we receive from licensing of our intellectual properties to our operating subsidiaries or other entities in the PRC will also be subject to 7% withholding tax rate under the Avoidance of Double Taxation Arrangement, subject to Circular 601 and Circular 124 as mentioned above.

**HONG KONG TAXATION****Dividends**

No tax is imposed in Hong Kong in respect of dividends the Company pays to the Shareholders. Dividends paid to the Shareholders are free of withholding taxes in Hong Kong.

**Capital gains and profits tax**

No tax is imposed in Hong Kong in respect of capital gains from the sale of the Shares. Trading gains from the sale of the Shares by persons carrying on a business in Hong Kong, where such gains are sourced in Hong Kong and arise from such business, will be chargeable to Hong Kong profits tax. Currently, profits tax is imposed on corporations at the rate of 16.5% and on individuals at the rate of 15.0%. Gains from sale of the Shares effected on the Stock Exchange will be considered to be sourced in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sale of the Shares effected on the Stock Exchange realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

**Stamp duty**

Hong Kong stamp duty will be payable by the purchaser on every purchase, and by the seller on every sale, of the Shares. The duty is charged at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred on each sale and purchase. In other words, a total of 0.2% of stamp duty is currently payable on a typical sale and purchase transaction of the Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5. Where a sale or purchase of the Shares is effected by a non Hong Kong resident and any stamp duty payable on the contract notes is not paid, the relevant instrument of transfer (if any) will be chargeable with such duty, together with the duty otherwise chargeable thereon, and the transferee will be liable to pay such duty.

**Estate duty**

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11th February 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose deaths occur on or after 11th February 2006.



This Appendix VII contains a summary of the Articles of Association. The principal objective is to provide potential investors with an overview of the Articles of Association. Because the information contained below is in summary form, it does not contain all of the information that may be important to potential investors. As stated in Appendix IX “Documents Available for Inspection” to this listing document, a copy of the Articles of Association is available for inspection.

The existing Articles of Association of the Company were adopted on 1st April 2010. The following is a summary of certain provisions of the Articles of Association. The powers conferred or permitted by the Articles of Association are subject to the provisions of the Companies Ordinance, other Ordinances, subsidiary legislation and the Listing Rules.

### **CHANGES IN CAPITAL**

The Company may issue shares which can be redeemed. This can include shares redeemable at the election of the holders, as well as shares redeemable at the election of the Company.

The Company may purchase or otherwise acquire its own shares and warrants (including any redeemable shares) or to give, directly or indirectly, by means of a loan, guarantee, the provision of securities or otherwise, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any shares or warrants in the Company. Neither the Company nor the Board of Directors will be required to select the shares or warrants to be purchased in any particular manner.

The Company may, by ordinary resolution, increase its authorised share capital, and such resolution will fix the amount of the increase and the nominal amount of the new shares.

The Company may, by ordinary resolution:

- (a) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association so that the resolution whereby any share is subdivided may determine that as between the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions, as the Company has power to attach to unissued or new shares;
- (b) consolidate and divide its capital or any part thereof into shares of larger amount than its existing shares; or
- (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and reduce the amount of its authorised share capital by the amount of the shares so cancelled.

Save as provided by contract or the Companies Ordinance or the Articles of Association to the contrary, all unissued shares shall be at the disposal of the Directors, who may offer, allot, grant options over, or otherwise deal with or dispose of the same to such persons and upon such terms as they shall consider fit. No shares shall be issued at a discount to their nominal value except in accordance with the provisions of the Companies Ordinance.

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner permitted by law.

### **MODIFICATION OF RIGHTS**

The special rights or privileges attached to any class of shares in the capital of the Company may be altered or abrogated (unless otherwise provided for by such rights) either with the consent in writing of the holders of at least three-quarters of the issued shares of that class or by a special resolution passed at a separate meeting of the holders of the shares of that class.

The provisions of the Articles of Association relating to general meetings apply to any such class meeting, but the quorum shall be one or more persons holding or representing by proxy one-third in nominal value of the issued shares of that class, and any holder of the shares of the class present in person or by proxy may demand a poll. On a poll every shareholder present in person or by proxy has one vote for every share of that class he owns.

### **TRANSFERS OF SHARES**

All transfer of shares must be effected by transfer in writing. The instrument of transfer must be executed by or on behalf of the transferor and the transferee. The transferor remains the holder of the share until the name of the transferee is entered in the register. Nothing in the Articles of Association will preclude the Directors from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

All instruments of transfer will be retained by the Company if the Board of Directors decides to register the share transfer. The Board of Directors may, without giving any reason, decline to register any share which is not fully paid.

The Board of Directors may also decline to register any transfer unless:

- (a) the instrument of transfer is in respect of only one class of shares;
- (b) the instrument of transfer is properly stamped;
- (c) in the case of transfer to joint holders, the number of transferees does not exceed four;
- (d) the shares concerned are free of any lien in favour of the Company; and
- (e) such other conditions as the Board of Directors may from time to time impose for the purpose of guarding against losses arising from forgery are satisfied.

If the Board of Directors decline to register a transfer, they will, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

No transfer shall be made to a minor or to a person of unsound mind or under other legal disability.

**OWNERSHIP OF SHARES**

There is no provision in the Articles of Association on restrictions of ownership of shares in the Company.

**VOTING AT MEETINGS**

Subject to any special rights, privileges or restrictions as to voting attached to any class of shares, at any general meeting on a show of hands every member who is present in person has one vote, and on a poll every member present in person or by proxy has one vote for every fully paid up share which he holds. On a poll, votes may be given either personally or by proxy and a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. In the case of an equality of votes at any general meeting, whether upon a show of hands or on a poll, the chairman of the meeting shall be entitled to a second or casting vote.

Any member entitled to attend and vote at a general meeting is entitled to appoint another person (who need not be a member of the Company) as his proxy to attend and vote instead of him.

**QUALIFICATION OF DIRECTORS**

No Director is required to hold any qualification shares. No person is required to vacate office or is ineligible for re-election or re-appointment as a Director, and no person is ineligible for appointment as a Director, by reason only of his having attained any particular age.

**BORROWING POWERS**

The Board of Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital. The Board of Directors may issue debentures, debenture stocks, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. These provisions, in common with the Articles of Association of the Company in general, can be varied by a special resolution.

**DIRECTORS' REMUNERATION AND EXPENSES**

The Directors are entitled to receive remuneration by way of fees for their services such sum as the Board of Directors determine (not exceeding such aggregate sum as the Company in general meeting will from time to time authorise). Unless the resolution which fixes the fees provides otherwise the Directors will decide on the way in which the total fees will be divided. If the Directors fail to agree on the way to divide the fees, the fees will be divided equally, except that in the event of any Director holding office for less than the whole of the relevant period for which the fees are paid, he will only receive part of this amount in proportion to the amount of time he has been a Director.

The Directors are entitled to be repaid all travel, hotel and other expenses reasonably incurred in attending and returning from board meetings, committee meetings, general meetings or separate meetings of the holders of any class of shares or debenture of the Company or otherwise incurred in connection with the Company's business or in the performance of their duties as Directors. The Board of Directors may grant special remuneration to any Director who performs services which, in the

opinion of the Board of Directors, go beyond his ordinary duties as a Director. Such special remuneration may be paid to a Director in addition to any fees or ordinary remuneration as a Director, and may be paid by lump sum or by way of salary, commission, participation in profits or in any other way.

Notwithstanding the above, the remuneration of a managing director, joint managing director, deputy managing director or other executive director or a Director appointed to any other office in the management of the Company is fixed by the Board of Directors and may be payable by way of salary, commission, participation in profits or in any other ways and with other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board of Directors may decide. Such remuneration is in addition to his fees or ordinary remuneration as a Director.

### **DIRECTORS' INTERESTS**

No Director, alternate director or intended Director will be disqualified by his office from contracting with the Company, nor will any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way directly or indirectly interested be liable to be avoided, nor will any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of any fiduciary relationship thereby established, provided that a Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall, if his interest in the contract or arrangement or proposed contract or arrangement is material, declare the nature of his interest at a meeting of the Board of Directors. He needs to declare such interest at the meeting of the Board of Directors at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board of Directors after he knows that he is or has become so interested.

A Director will not vote nor be counted in the quorum in respect of any resolution of the Board of Directors approving any contract or arrangement or proposed contract or arrangement in which he or any of his associate(s) is materially interested. However, this prohibition does not apply to any of the following matters:

- (a) any contract or arrangement or proposed contract or arrangement for the giving of any security or indemnity to the Director or his associate(s) in respect of money lent by or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) any contract or arrangement or proposed contract or arrangement for the giving by the Company of any guarantee, security or indemnity to a third party in respect of a debt or an obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (c) any contract or arrangement or proposed contract or arrangement in relation to an offer or invitation of shares or debentures or other securities of or by the Company for subscription or purchase where the Director or his associate(s) is or is to be interested as a participant in the underwriting or sub-underwriting of the offer or invitation;

- (d) any contract or arrangement or proposed contract or arrangement with any other company in which the Director or his associate(s) is/are interested only as an officer of that other company;
- (e) any contract or arrangement or proposed contract or arrangement in relation to or concerning any other company in which the Director or any of his associate(s) is interested, directly or indirectly, as a holder of shares or other securities of that company, provided that the aggregate interest of such Director and his associate(s) in such shares or securities is less than five per cent., of such issued shares or securities or the voting rights attaching to such issued shares or securities; and
- (f) any contract or arrangement or proposed contract or arrangement concerning the adoption, modification or operation of any employees' share scheme under which the Director or his associate(s) may benefit.

A Director may continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company in which the Company may be interested, and (unless otherwise agreed) no such Director shall be accountable for any remuneration or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any such other company. The Directors may exercise the voting powers conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of such other company in such manner as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company), and any Director may vote in favour of the exercise of such voting rights in the manner aforesaid notwithstanding that he may be, or be about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in the manner aforesaid.

A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which it may be interested as a vendor, shareholder or otherwise and no such Director shall be accountable for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in such other company.

A Director may act by himself or by his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing in the Articles of Association authorises a Director or his firm to act as the auditors.

## **DIVIDENDS**

The Shareholders can declare dividends by passing an ordinary resolution which may not exceed the amount recommended by the Directors. All dividends unclaimed for one year after having become payable may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. If a dividend has not been claimed for six years after having become payable, it may be forfeited and will revert to the Company. The payment into a separate account of any moneys payable in respect of a dividend will not constitute the Company a trustee in respect thereof for any

person. The Directors can offer shareholders the right to choose to receive extra shares, which are credited as fully paid up, instead of some or all of their cash dividend. The Company may, upon the recommendation of the Board of Directors, by special resolution resolve in respect of any one particular dividend of the Company that a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

### **INDEMNITY**

Every Director, secretary or other officer and the auditors of the Company will be indemnified out of the assets of the Company against all liabilities incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief from liability is granted to him by the court.

### **WINDING UP**

If the Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the members in specie or in kind the whole or any part of the assets of the Company, and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of the members as he may determine, but no member shall be compelled to accept any shares or assets upon which there is a liability.

**A. FURTHER INFORMATION ABOUT THE COMPANY****1. Incorporation**

The Company was incorporated in Hong Kong under the Companies Ordinance as a limited company on 3rd November 1972 and commenced business on 23rd November 1972. The Company's registered office is at 33rd Floor, One Pacific Place, 88 Queensway, Hong Kong. A summary of the Articles of Association of the Company is set out in Appendix VII "Summary of the Constitution of the Company" to this listing document.

**2. Changes in the Share Capital of the Company**

As at the date of incorporation of the Company, its initial authorised share capital was HK\$2,510,000 divided into 800 preference shares of HK\$10.00 each, 200 deferred shares of HK\$10.00 each and 250,000 ordinary shares of HK\$10.00 each.

Pursuant to a series of resolutions of the Shareholders passed between 19th March 1973 and 29th May 1981, the authorised share capital of the Company was increased to HK\$800,000,000 divided into 629,500,000 Shares and 170,500,000 preference shares of HK\$1.00 each.

The 170,500,000 preference shares of HK\$1.00 each were redeemed for cash at par on 30th June 1982. As a result of the redemption, the authorised share capital of HK\$800,000,000 became divided into 800,000,000 Shares.

As at 1st January 2008, the Company's entire issued share capital, comprising 612,036,542 Shares, was held by Swire Pacific.

Pursuant to ordinary resolutions of the Company passed as of 31st December 2009, the authorised share capital of the Company was increased from HK\$800,000,000 to HK\$30,000,000,000 divided into 30,000,000,000 Shares. Pursuant to a Directors' resolution passed as of the same day, a further 3,969,615,000 Shares were allotted for cash at par to Swire Pacific.

Pursuant to a Directors' resolution passed as of 25th January 2010, a further 1,108,132,451 Shares credited as fully paid up were allotted to Swire Pacific in consideration of the receipt from Swire Pacific of the following assets valued in total at US\$142,068,263 (equivalent to HK\$1,108,132,451):

- (a) Swire Properties US Inc stock of US\$26,920,234 (equivalent to HK\$209,977,825);
- (b) Swire Properties One Inc stock of US\$45,548,029 (equivalent to HK\$355,274,626); and
- (c) loan notes due by Swire Properties US Inc totalling US\$69,600,000 (equivalent to HK\$542,880,000).

Pursuant to a Directors' resolution passed as of 31st January 2010, a further 216,007 Shares credited as fully paid up were allotted to Swire Pacific on capitalisation of retained profit of HK\$216,007.

Pursuant to a Directors' resolution passed as of 30th November 2011, a further 160,000,000 Shares credited as fully paid up were allotted to Swire Pacific in consideration of the receipt from Swire Pacific of a total sum of HK\$4,500 million in cash.

As at the Latest Practicable Date, the Company's entire issued share capital, comprising 5,850,000,000 Shares, was held by Swire Pacific.

Save as disclosed in this listing document, there has been no alteration in the share capital of the Company within two years immediately preceding the date of this listing document.

### 3. Changes in the Share Capital of the Company's Principal Subsidiaries

The Company's principal subsidiaries as at 30th June 2011 are set out in the Accountant's Report, the text of which is set out in Appendix I to this listing document. The following alterations in the share capital of the Company's principal subsidiaries have taken place from the date falling two years before the date of this listing document up to the Latest Practicable Date:

#### 1. *New Light Hotels Limited (incorporated in the United Kingdom)*

On 17th December 2009, 5,000,000 ordinary shares of £1 each were allotted and issued to Golden Tent Limited, credited as fully paid, in satisfaction of the discharge of £5,000,000 of debt owed by New Light Hotels Limited to Golden Tent Limited.

On 10th December 2010, 8,000,000 ordinary shares of £1 each were allotted and issued to Golden Tent Limited, credited as fully paid, in satisfaction of the discharge of £8,000,000 of debt owed by New Light Hotels Limited to Golden Tent Limited.

#### 2. *TaiKoo Hui (Guangzhou) Development Company Limited (incorporated in the PRC)*

On 15th March 2010, TaiKoo Hui (Guangzhou) Development Company Limited increased its registered share capital from RMB2,000,000,000 to RMB2,325,000,000. On 15th August 2011, TaiKoo Hui (Guangzhou) Development Company Limited further increased its registered share capital from RMB2,325,000,000 to RMB2,650,000,000.

#### 3. *Swire Properties (Finance) Limited (incorporated in Hong Kong)*

On 20th May 2011, 999,900 ordinary shares of HK\$1 each were allotted and issued to the Company, credited as fully paid, in consideration of HK\$999,900 paid by the Company.

Save as aforesaid, there has been no other alteration in the share capital of the principal subsidiaries of the Company in the two years immediately preceding the date of this listing document.

### 4. Particulars of Principal Subsidiaries

For a summary of the corporate information of our principal subsidiaries, please refer to note 45 of the Accountant's Report in Appendix I to this listing document.



**5. Written Resolutions of the Sole Shareholder Dated 22nd September 2011**

Pursuant to the resolutions in writing by the Shareholder dated 22nd September 2011:

(a) the exercise by the Directors during the “relevant period” (as defined below in this paragraph) of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements and options which will or might require the exercise of such powers during or after the end of the relevant period was approved, provided that the aggregate nominal amount of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the resolution other than pursuant to:

- (i) a “rights issue” (as defined below in this paragraph); or
- (ii) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares

shall not exceed the aggregate of:

- (I) 20 per cent. of the aggregate nominal amount of the Shares in issue as at the date on which dealings in the Shares commence on the Stock Exchange provided that the aggregate nominal amount of the Shares so allotted (or so agreed conditionally or unconditionally to be allotted) pursuant to the resolution wholly for cash shall not exceed 5 per cent. of the aggregate nominal amount of the Shares in issue as at the date on which dealings in the Shares commence on the Stock Exchange; and
- (II) (if the Directors are so authorised by a separate ordinary resolution of the Shareholder of the Company) the aggregate nominal amount of any Shares repurchased by the Company subsequent to the passing of the share allotment mandate (up to a maximum equivalent to 10% of the aggregate nominal amount of Shares in issue as at the date on which dealings in the Shares commence on the Stock Exchange); and

for the purpose of this paragraph:

- (i) “relevant period” means the period from the passing of the resolution until the earliest of:
  - a. the conclusion of the next annual general meeting of the Company; and
  - b. the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
  - c. the revocation or variation of the authority given under the resolution by ordinary resolution of the shareholders in general meeting; and
- (ii) “rights issue” means an offer of Shares to holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in

relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong);

- (b) the exercise by the Directors during the “relevant period” (as defined below in this paragraph) of all the powers of the Company to make on-market share repurchases (within the meaning of the Hong Kong Code on Share Repurchases) was approved, provided that the aggregate nominal amount of the Company’s Shares which may be repurchased pursuant to such approval shall not exceed 10 per cent. of the aggregate nominal amount of the Shares in issue as at the date on which dealings in the Shares commence on the Stock Exchange; and

for the purpose of this paragraph:

- (i) “relevant period” means the period from the passing of the resolution until the earliest of:
- a. the conclusion of the next annual general meeting of the Company;
  - b. the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
  - c. the revocation or variation of the authority given under the resolution by ordinary resolution of the shareholders in general meeting; and
- (ii) references to “Shares” include securities which carry a right to subscribe for or purchase shares; and
- (c) the exercise by the Directors of the powers of the Company referred to in paragraph 5(b) above in respect of the share capital of the Company referred to in subparagraph (II) of paragraph 5(a) above was approved.

## **6. Repurchase by the Company of its Own Shares**

This section sets out information required by the Stock Exchange to be included in this listing document concerning the repurchase by the Company of its own securities.

### **(a) Provisions of the Listing Rules**

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

#### *(i) Shareholders’ approval*

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

*(ii) Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and Articles of Association of the Company, the Listing Rules and the applicable laws of Hong Kong. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by the Company may be made out of the Company's funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of the Company's share premium account.

*(iii) Trading restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

*(iv) Status of repurchased Shares*

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

*(v) Suspension of repurchase*

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for publication of an announcement of

a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

*(vi) Reporting requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

*(vii) Connected persons*

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

**(b) Reasons for Repurchases**

The Directors believe that the ability to repurchase Shares is in the interests of the Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors sought the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

**(c) Funding of Repurchases**

In repurchasing securities, the Company may only apply funds lawfully available for such purpose in accordance with its Memorandum of Association and Articles of Association, the Listing Rules and the applicable laws of Hong Kong.

There could be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in this listing document) in the event that the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**(d) General**

Exercise in full of the repurchase mandate, on the basis of assuming that there are 5,850,000,000 Shares in issue as at the date on which dealings in the Shares commence on the Stock Exchange, could accordingly result in up to 585,000,000 Shares being repurchased by the Company during the period prior to:

- the conclusion of the next annual general meeting of the Company;
- the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- the revocation or variation of the repurchase mandate by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws in Hong Kong.

The Directors are not aware of any consequences which the exercise in full of the repurchase mandate would have under the Hong Kong Code on Takeovers and Mergers.

No connected person of the Company has notified the Company that he or she has a present intention to sell Shares to the Company, or has undertaken not to do so, if the repurchase mandate is exercised.

**B. FURTHER INFORMATION ABOUT THE COMPANY'S BUSINESS****1. Summary of Material Contracts**

No contracts (not being contracts entered into in the ordinary course of business) were entered into by the Company or its subsidiaries within the two years preceding the date of this listing document and are or may be material.

## 2. Intellectual Property Rights of the Group

### Trademarks

As at the Latest Practicable Date, members of the Group have registered or applied for the following trademarks:











(a) As at the Latest Practicable Date, the following registered trademarks were licensed to our Group:

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
TAIKOO	JSS	30	27/09/1989	19/09/2020	529031	PRC
太古	JSS	16	09/12/1992	13/04/2014	685876	PRC
TAIKOO	JSS	16	09/12/1992	13/04/2014	685877	PRC
TAIKOO	JSS	12	09/12/1992	27/04/2014	687698	PRC
太古	JSS	12	09/12/1992	27/04/2014	687699	PRC
TAIKOO	JSS	41	30/09/1993	06/12/2014	773202	PRC
太古	JSS	41	30/09/1993	06/12/2014	773203	PRC
TAIKOO	JSS	38	30/09/1993	06/01/2015	775220	PRC
太古	JSS	38	30/09/1993	06/01/2015	775221	PRC
TAIKOO	JSS	40	30/09/1993	13/01/2015	775681	PRC
太古	JSS	40	30/09/1993	13/01/2015	775682	PRC
太古	JSS	42	30/09/1993	06/02/2015	777405	PRC
TAIKOO	JSS	42	30/09/1993	06/02/2015	777407	PRC
太古	JSS	35	30/09/1993	13/02/2015	777508	PRC

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TAIKOO	JSS	35	30/09/1993	13/02/2015	777529	PRC
TAIKOO	JSS	37	30/09/1993	13/02/2015	777786	PRC
太古	JSS	39	30/09/1993	13/02/2015	777811	PRC
TAIKOO	JSS	39	30/09/1993	13/02/2015	777812	PRC
太古	JSS	37	30/09/1993	13/02/2015	777840	PRC
TAIKOO	JSS	36	30/09/1993	27/02/2015	778600	PRC
太古	JSS	36	30/09/1993	13/03/2015	779260	PRC
太古	JSS	41	16/08/1996	20/09/2017	1109214	PRC
TAIKOO	JSS	36	02/03/1992	02/03/2013	199506526	Hong Kong
TAIKOO	JSS	41	02/03/1992	02/03/2013	199506529	Hong Kong
太古	JSS	41	02/03/1992	02/03/2013	199506533	Hong Kong
TAIKOO SHING (MANAGEMENT)	JSS	36	17/06/1993	17/06/2014	199606844	Hong Kong
太古	JSS	36	02/03/1992	02/03/2013	199609309	Hong Kong
TAIKOO	JSS	37	02/03/1992	02/03/2013	199700303	Hong Kong
太古	JSS	37	02/03/1992	02/03/2013	199700304	Hong Kong
! 太古城中心	JSS	16, 28, 35, 36, 39, 41, 42, 43, 45	N/A	20/01/2014	199915983AA	Hong Kong

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
<sup>A</sup>  ISLAND EAST <sup>B</sup>  ISLAND EAST	JSS	16, 28, 35, 36, 39, 41, 42, 43, 45	10/01/2007	09/01/2017	300794340	Hong Kong
<sup>A</sup>  太古 港島東 <sup>B</sup>  太古 港島東	JSS	16, 28, 35, 36, 39, 41, 42, 43, 45	10/01/2007	09/01/2017	300794359	Hong Kong
<sup>A</sup> ! 太古城中心 <sup>B</sup> ! 太古城中心	JSS	19, 25	14/02/2007	13/02/2017	300816246	Hong Kong
<sup>A</sup> 太古城中心冰上皇宮 <sup>B</sup> 太古城中心冰上皇宮	JSS	16, 19, 28, 35, 36, 39, 41, 42, 43, 45	14/02/2007	13/02/2017	300816264	Hong Kong
<sup>A</sup>  ISLAND EAST <sup>B</sup>  ISLAND EAST	JSS	19, 25	14/02/2007	13/02/2017	300816273	Hong Kong
<sup>A</sup>  太古 港島東 <sup>B</sup>  太古 港島東	JSS	19, 25	14/02/2007	13/02/2017	300816282	Hong Kong
<sup>A</sup>  <sup>B</sup> 	JSS	16, 19, 25, 28, 35, 36, 39, 41, 42, 43, 45	05/10/2007	04/10/2017	300967690	Hong Kong






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	JSS	35, 36, 37, 39, 41, 43, 44	10/06/2010	09/06/2020	301636074	Hong Kong
	JSS	16, 19, 25, 28, 35, 36, 39, 41, 42, 43, 45	20/07/2009	19/07/2019	301387431	Hong Kong
	JSS	12	09/12/1992	27/04/2014	687700	PRC
	JSS	16	09/12/1992	13/04/2014	685870	PRC
	JSS	35	30/09/1993	13/02/2015	777507	PRC
	JSS	36	30/09/1993	13/03/2015	779365	PRC
	JSS	37	30/09/1993	13/02/2015	777784	PRC
	JSS	38	30/09/1993	06/01/2015	775219	PRC
	JSS	39	30/09/1993	13/02/2015	777810	PRC
	JSS	40	30/09/1993	13/01/2015	775680	PRC
	JSS	41	30/09/1993	06/12/2014	773201	PRC














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	JSS	42	30/09/1993	13/02/2015	777926	PRC
SWIRE	JSS	12	09/12/1992	13/05/2014	689622	PRC
SWIRE	JSS	16	09/05/1995	27/02/2017	952365	PRC
SWIRE	JSS	35	30/09/1993	13/02/2015	777528	PRC
SWIRE	JSS	36	30/09/1993	13/03/2015	779387	PRC
SWIRE	JSS	37	30/09/1993	13/02/2015	777839	PRC
SWIRE	JSS	38	30/09/1993	06/01/2015	775222	PRC
SWIRE	JSS	39	30/09/1993	13/02/2015	777813	PRC
SWIRE	JSS	40	30/09/1993	13/01/2015	775679	PRC
SWIRE	JSS	41	30/09/1993	06/12/2014	773204	PRC
SWIRE	JSS	42	30/09/1993	06/02/2015	777406	PRC
	JSS	36	02/03/1992	02/03/2013	199603090	Hong Kong
	JSS	41	02/03/1992	02/03/2013	199507163	Hong Kong
PACIFIC FORUM 太古匯	JSS	16	15/01/1999	15/01/2016	200207522	Hong Kong
PACIFIC FORUM 太古匯	JSS	36, 37, 39	N/A	15/01/2016	200105247AA	Hong Kong








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SWIRE	JSS	36	02/03/1992	02/03/2013	199508664	Hong Kong
SWIRE	JSS	41	02/03/1992	02/03/2013	199505824	Hong Kong
SWIRE PROPERTIES	JSS	36, 37	N/A	13/06/2014	200015167AA	Hong Kong
 太古 港島東	JSS	45	11/01/2007	27/01/2020	5840429	PRC
 太古 港島東	JSS	39	11/01/2007	27/03/2020	5840430	PRC
 太古 港島東	JSS	41	11/01/2007	27/03/2020	5840431	PRC
 太古 港島東	JSS	42	11/01/2007	27/03/2020	5840432	PRC
 太古 港島東	JSS	28	11/01/2007	06/01/2020	5840433	PRC
 太古 港島東	JSS	35	11/01/2007	13/04/2020	5840434	PRC
 太古 港島東	JSS	36	11/01/2007	06/02/2020	5840435	PRC
 太古 ISLAND EAST	JSS	45	11/01/2007	27/01/2020	5840437	PRC
 太古 ISLAND EAST	JSS	41	11/01/2007	27/03/2020	5840438	PRC
 太古 ISLAND EAST	JSS	42	11/01/2007	13/04/2020	5840439	PRC
 太古 ISLAND EAST	JSS	35	11/01/2007	13/04/2020	5840441	PRC
 太古 ISLAND EAST	JSS	36	11/01/2007	06/02/2020	5840442	PRC
 太古 ISLAND EAST	JSS	39	11/01/2007	13/04/2020	5840443	PRC

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 ISLAND EAST	JSS	16	11/01/2007	06/11/2019	5840444	PRC
 港島東	JSS	16	11/01/2007	06/11/2019	5840445	PRC
 ISLAND EAST	JSS	28	11/01/2007	20/01/2020	5840446	PRC
 ISLAND EAST	JSS	25	15/02/2007	27/03/2020	5919907	PRC
 ISLAND EAST	JSS	19	15/02/2007	13/12/2019	5919908	PRC
 港島東	JSS	25	15/02/2007	20/02/2020	5919909	PRC
太古城中心冰上皇宮	JSS	45	08/03/2007	13/02/2020	5934908	PRC
太古城中心冰上皇宮	JSS	43	08/03/2007	27/02/2020	5934909	PRC
太古城中心冰上皇宮	JSS	42	08/03/2007	13/04/2020	5934910	PRC
太古城中心冰上皇宮	JSS	41	08/03/2007	13/04/2020	5934911	PRC
太古城中心冰上皇宮	JSS	39	08/03/2007	13/04/2020	5934912	PRC
太古城中心冰上皇宮	JSS	35	08/03/2007	13/04/2020	5934913	PRC
太古城中心冰上皇宮	JSS	28	08/03/2007	20/02/2020	5934914	PRC
太古城中心冰上皇宮	JSS	25	08/03/2007	27/03/2020	5934915	PRC
太古城中心冰上皇宮	JSS	19	08/03/2007	20/12/2019	5934916	PRC
太古城中心冰上皇宮	JSS	36	08/03/2007	20/02/2020	5934917	PRC
 太古城中心	JSS	45	08/03/2007	13/02/2020	5934918	PRC

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
! 太古城中心	JSS	16	08/03/2007	13/12/2019	5934919	PRC
! 太古城中心	JSS	19	08/03/2007	20/12/2019	5934920	PRC
! 太古城中心	JSS	28	08/03/2007	20/03/2020	5934922	PRC
! 太古城中心	JSS	35	08/03/2007	20/04/2020	5934923	PRC
! 太古城中心	JSS	36	08/03/2007	20/02/2020	5934924	PRC
! 太古城中心	JSS	39	08/03/2007	20/04/2020	5934925	PRC
! 太古城中心	JSS	41	08/03/2007	20/04/2020	5934926	PRC
! 太古城中心	JSS	42	08/03/2007	20/04/2020	5934927	PRC
! 太古城中心	JSS	16	08/03/2007	13/12/2019	5934928	PRC
! 太古城中心	JSS	19	08/03/2007	20/12/2019	5934929	PRC
! 太古城中心	JSS	28	08/03/2007	20/03/2020	5934931	PRC
! 太古城中心	JSS	35	08/03/2007	20/04/2020	5934932	PRC
! 太古城中心	JSS	36	08/03/2007	20/02/2020	5934933	PRC
! 太古城中心	JSS	39	08/03/2007	20/04/2020	5934934	PRC
! 太古城中心	JSS	41	08/03/2007	20/04/2020	5934935	PRC
! 太古城中心	JSS	42	08/03/2007	20/04/2020	5934936	PRC
! 太古城中心	JSS	43	08/03/2007	27/02/2020	5934937	PRC

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! 太古城中心	JSS	45	08/03/2007	13/02/2020	5934944	PRC
! 太古城中心	JSS	43	08/03/2007	27/02/2020	5934945	PRC
太古城中心冰上皇宮	JSS	16	08/03/2007	13/12/2019	5934946	PRC
	JSS	19	09/10/2007	13/03/2020	6313277	PRC
	JSS	16	09/10/2007	06/03/2020	6313278	PRC
	JSS	45	09/10/2007	27/03/2020	6313279	PRC
	JSS	45	09/10/2007	27/03/2020	6313280	PRC
	JSS	43	09/10/2007	27/03/2020	6313281	PRC
	JSS	36	09/10/2007	27/03/2020	6313285	PRC
	JSS	28	09/10/2007	06/04/2020	6313287	PRC









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	JSS	25	09/10/2007	06/04/2020	6313288	PRC
	JSS	19	09/10/2007	13/03/2020	6313289	PRC
	JSS	16	09/10/2007	06/03/2020	6313290	PRC
	JSS	43	09/10/2007	27/03/2020	6313299	PRC
	JSS	36	09/10/2007	27/03/2020	6313303	PRC
	JSS	28	09/10/2007	06/04/2020	6313305	PRC
	JSS	25	09/10/2007	06/04/2020	6313306	PRC
	JSS	42	09/10/2007	27/06/2020	6313282	PRC








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	JSS	41	09/10/2007	27/06/2020	6313283	PRC
	JSS	35	09/10/2007	20/06/2020	6313286	PRC
	JSS	42	09/10/2007	27/06/2020	6313300	PRC
	JSS	41	09/10/2007	27/06/2020	6313301	PRC
	JSS	39	09/10/2007	27/06/2020	6313302	PRC
	JSS	35	09/10/2007	27/06/2020	6313304	PRC
	JSS	39	09/10/2007	27/06/2020	6313284	PRC
	JSS	43	21/07/2009	06/12/2020	7557995	PRC






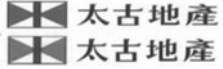


Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	JSS	42	21/07/2009	20/12/2020	7557996	PRC
	JSS	41	21/07/2009	20/12/2020	7557997	PRC
	JSS	39	21/07/2009	20/12/2020	7557998	PRC
	JSS	36	21/07/2009	13/11/2020	7557999	PRC
	JSS	35	21/07/2009	06/12/2020	7558000	PRC
	JSS	28	21/07/2009	13/11/2020	7558001	PRC
	JSS	25	21/07/2009	06/11/2020	7558002	PRC




Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	JSS	19	21/07/2009	20/10/2020	7558003	PRC
	JSS	16	21/07/2009	27/11/2020	7558004	PRC
	JSS	45	21/07/2009	06/12/2020	7558035	PRC
	JSS	45	17/08/2009	20/12/2020	7624575	PRC
	JSS	16	17/08/2009	27/11/2020	7624901	PRC
	JSS	19	17/08/2009	06/11/2020	7624902	PRC
	JSS	25	17/08/2009	13/11/2020	7624903	PRC

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	JSS	28	17/08/2009	20/11/2020	7624904	PRC
	JSS	35	17/08/2009	20/12/2020	7624905	PRC
	JSS	36	17/08/2009	27/11/2020	7624906	PRC
	JSS	39	17/08/2009	27/12/2020	7624907	PRC
	JSS	41	17/08/2009	27/12/2020	7624908	PRC
	JSS	42	17/08/2009	27/12/2020	7624909	PRC
	JSS	43	17/08/2009	20/12/2020	7624910	PRC

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	JSS	16	17/08/2009	27/11/2020	7624911	PRC
	JSS	19	17/08/2009	06/11/2020	7624912	PRC
	JSS	25	17/08/2009	13/11/2020	7624913	PRC
	JSS	28	17/08/2009	20/11/2020	7624914	PRC
	JSS	35	17/08/2009	20/12/2020	7624915	PRC
	JSS	36	17/08/2009	27/11/2020	7624916	PRC
	JSS	39	17/08/2009	27/12/2020	7624917	PRC




Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	JSS	41	17/08/2009	27/12/2020	7624918	PRC
	JSS	42	17/08/2009	27/12/2020	7624919	PRC
	JSS	43	17/08/2009	20/12/2020	7624920	PRC
	JSS	45	17/08/2009	20/12/2020	7924925	PRC
	JSS	16	20/01/2010	19/01/2020	301526562	Hong Kong
	JSS	16	20/01/2010	19/01/2020	301526571	Hong Kong

(b) As at the Latest Practicable Date, the following trademarks, which registration have been applied for, were licensed to the Group:

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
 港島東	JSS	43	11/01/2007	5840428	PRC
 ISLAND EAST	JSS	43	11/01/2007	5840440	PRC
 港島東	JSS	19	15/02/2007	5919906	PRC




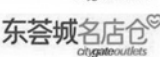



Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
! 太古城中心	JSS	25	08/03/2007	5934921	PRC
! 太古城中心	JSS	25	08/03/2007	5934930	PRC
太古广场	JSS	6	22/03/2011	9242675	PRC
太古广场	JSS	19	22/03/2011	9242673	PRC
太古广场	JSS	35	22/03/2011	9242672	PRC
太古广场	JSS	41	22/03/2011	9242669	PRC
太古广场	JSS	43	22/03/2011	9242668	PRC
太古广场	JSS	45	22/03/2011	9242666	PRC
太古广场	JSS	16	22/03/2011	9242674	PRC
太古广场	JSS	36	22/03/2011	9242671	PRC
太古广场	JSS	39	22/03/2011	9242670	PRC
太古广场	JSS	44	22/03/2011	9242667	PRC
太古廣場 太古广场	JSS	6, 16, 19, 35, 36, 39, 41, 43, 44, 45	10/08/2010	301686187	Hong Kong

(c) As at the Latest Practicable Date, members of the Group have registered the following trademarks:








Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Newfoundworld Site 2 (Retail) Limited	16, 28	03/03/1999	03/03/2016	200003013	Hong Kong
CITYGATE 東薈城	Newfoundworld Site 2 (Retail) Limited	16, 28	03/03/1999	03/03/2016	200003014	Hong Kong
	Newfoundworld Site 2 (Retail) Limited	16, 28, 36, 39, 41, 42, 43, 45	N/A	28/05/2015	200008243AA	Hong Kong
	Newfoundworld Site 2 (Retail) Limited	36, 39, 41, 42, 43, 45	N/A	03/03/2016	200110464AA	Hong Kong
CITYGATE 東薈城	Newfoundworld Site 2 (Retail) Limited	39	03/03/1999	03/03/2016	200008258	Hong Kong
CITYGATE 東薈城	Newfoundworld Site 2 (Retail) Limited	36, 41, 42, 43, 45	N/A	03/03/2016	200101987AA	Hong Kong
<sup>A</sup> 東薈城名店倉 <sup>B</sup> 东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	16, 28, 36, 39, 41, 42, 43, 45	19/05/2009	18/05/2019	301346193	Hong Kong
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	16, 28, 36, 39, 41, 42, 43, 45	19/05/2009	18/05/2019	301346184	Hong Kong

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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
A  B  C  D 	Newfoundworld Site 2 (Retail) Limited	16, 28, 36, 39, 41, 42, 43, 45	19/05/2009	18/05/2019	301346201	Hong Kong
A  B 	Newfoundworld Site 2 (Retail) Limited	16, 28, 36, 39, 41, 42, 43, 45	19/05/2009	18/05/2019	301346210	Hong Kong
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	16	03/11/2009	13/01/2021	7805788	PRC
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	28	03/11/2009	13/12/2020	7805787	PRC
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	36	16/11/2009	13/03/2021	7837304	PRC
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	39	03/11/2009	13/01/2021	7805785	PRC
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	41	03/11/2009	13/01/2021	7805784	PRC
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	42	03/11/2009	13/01/2021	7805783	PRC
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	43	03/11/2009	27/01/2021	7805772	PRC
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	45	03/11/2009	27/01/2021	7805771	PRC
	Newfoundworld Site 2 (Retail) Limited	16	03/11/2009	13/01/2021	7805812	PRC



Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Newfoundworld Site 2 (Retail) Limited	28	03/11/2009	13/12/2020	7805811	PRC
	Newfoundworld Site 2 (Retail) Limited	36	16/11/2009	13/03/2021	7837305	PRC
	Newfoundworld Site 2 (Retail) Limited	39	03/11/2009	13/01/2021	7805809	PRC
	Newfoundworld Site 2 (Retail) Limited	41	03/11/2009	13/01/2021	7805808	PRC
	Newfoundworld Site 2 (Retail) Limited	42	03/11/2009	13/01/2021	7805807	PRC
	Newfoundworld Site 2 (Retail) Limited	43	03/11/2009	27/01/2021	7805806	PRC
	Newfoundworld Site 2 (Retail) Limited	45	03/11/2009	27/01/2021	7805805	PRC
东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	16	03/11/2009	13/01/2021	7805804	PRC
东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	28	03/11/2009	13/12/2020	7805803	PRC
东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	36	16/11/2009	13/03/2021	7837298	PRC
东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	39	03/11/2009	20/02/2021	7805801	PRC
东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	41	03/11/2009	20/02/2021	7805800	PRC
东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	42	03/11/2009	20/02/2021	7805799	PRC

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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	45	03/11/2009	27/01/2021	7805797	PRC
	Newfoundworld Site 2 (Retail) Limited	16	03/11/2009	13/01/2021	7805780	PRC
	Newfoundworld Site 2 (Retail) Limited	28	03/11/2009	27/12/2020	7805779	PRC
	Newfoundworld Site 2 (Retail) Limited	36	16/11/2009	13/03/2021	7837306	PRC
	Newfoundworld Site 2 (Retail) Limited	39	03/11/2009	20/02/2021	7805777	PRC
	Newfoundworld Site 2 (Retail) Limited	41	03/11/2009	20/02/2021	7805776	PRC
	Newfoundworld Site 2 (Retail) Limited	42	03/11/2009	20/02/2021	7805775	PRC
	Newfoundworld Site 2 (Retail) Limited	45	03/11/2009	27/01/2021	7805773	PRC
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	16	03/11/2009	13/01/2021	7805770	PRC
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	28	03/11/2009	13/12/2020	7805769	PRC
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	36	16/11/2009	13/03/2021	7837299	PRC
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	39	03/11/2009	20/02/2021	7805767	PRC
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	41	03/11/2009	20/02/2021	7805766	PRC

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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	42	03/11/2009	20/02/2021	7805765	PRC
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	45	03/11/2009	27/01/2021	7805763	PRC
東薈城名店倉 <small>citygateoutlets</small>	Newfoundworld Site 2 (Retail) Limited	16	03/11/2009	13/01/2021	7805796	PRC
東薈城名店倉 <small>citygateoutlets</small>	Newfoundworld Site 2 (Retail) Limited	28	03/11/2009	27/12/2020	7805795	PRC
東薈城名店倉 <small>citygateoutlets</small>	Newfoundworld Site 2 (Retail) Limited	36	16/11/2009	13/03/2021	7837307	PRC
東薈城名店倉 <small>citygateoutlets</small>	Newfoundworld Site 2 (Retail) Limited	39	03/11/2009	20/02/2021	7805793	PRC
東薈城名店倉 <small>citygateoutlets</small>	Newfoundworld Site 2 (Retail) Limited	41	03/11/2009	20/02/2021	7805792	PRC
東薈城名店倉 <small>citygateoutlets</small>	Newfoundworld Site 2 (Retail) Limited	42	03/11/2009	20/02/2021	7805791	PRC
東薈城名店倉 <small>citygateoutlets</small>	Newfoundworld Site 2 (Retail) Limited	45	03/11/2009	27/01/2021	7805789	PRC
<sup>A</sup> 東隅	Swire Properties Hotel Holdings Limited	43	02/10/2007	01/10/2017	300965340	Hong Kong
<sup>B</sup> 东隅						
<sup>A</sup> THE UPPER HOUSE <sup>B</sup> The Upper House	Swire Properties Hotel Holdings Limited	43	25/09/2008	24/09/2018	301209131	Hong Kong

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
<sup>A</sup> 東隅	Swire Properties Hotel Holdings Limited	35, 36, 37, 39, 41, 44	27/10/2008	26/10/2018	301228211	Hong Kong
<sup>B</sup> 东隅						
<sup>A</sup> THE UPPER HOUSE <sup>B</sup> The Upper House	Swire Properties Hotel Holdings Limited	35, 36, 37, 39, 41, 44	27/10/2008	26/10/2018	301228220	Hong Kong
奕居	Swire Properties Hotel Holdings Limited	35, 36, 37, 39, 41, 43, 44	13/02/2009	12/02/2019	301286785	Hong Kong
<sup>A</sup> SUGAR <sup>B</sup> Sugar	Swire Properties Hotel Holdings Limited	41	08/07/2009	07/07/2019	301380140	Hong Kong
<sup>A</sup> FEAST - FOOD BY EAST <sup>B</sup> FEAST - Food by East	Swire Properties Hotel Holdings Limited	43	24/06/2009	23/06/2019	301371302	Hong Kong
	Swire Properties Hotel Holdings Limited	35	08/12/2009	20/02/2021	7895697	PRC
	Swire Properties Hotel Holdings Limited	36	08/12/2009	13/03/2021	7895696	PRC
	Swire Properties Hotel Holdings Limited	37	08/12/2009	13/03/2021	7895695	PRC

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Hotel Holdings Limited	39	08/12/2009	20/02/2021	7895694	PRC
	Swire Properties Hotel Holdings Limited	41	08/12/2009	20/02/2021	7895693	PRC
	Swire Properties Hotel Holdings Limited	43	08/12/2009	20/02/2021	7895692	PRC
	Swire Properties Hotel Holdings Limited	44	08/12/2009	20/02/2021	7895691	PRC
	Swire Properties Hotel Holdings Limited	35	08/12/2009	20/02/2021	7895690	PRC
	Swire Properties Hotel Holdings Limited	36	08/12/2009	13/03/2021	7895689	PRC
	Swire Properties Hotel Holdings Limited	37	08/12/2009	13/03/2021	7895688	PRC
	Swire Properties Hotel Holdings Limited	39	08/12/2009	20/02/2021	7895687	PRC




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<b>Trademark</b>	<b>Registered Owner</b>	<b>Class</b>	<b>Application Date</b>	<b>Renewal Date</b>	<b>Registration Number</b>	<b>Place of Registration</b>
	Swire Properties Hotel Holdings Limited	41	08/12/2009	20/02/2021	7895686	PRC
	Swire Properties Hotel Holdings Limited	43	08/12/2009	20/02/2021	7895685	PRC
	Swire Properties Hotel Holdings Limited	44	08/12/2009	20/02/2021	7895684	PRC
	Swire Properties Hotel Holdings Limited	35	08/12/2009	20/02/2021	7895683	PRC
	Swire Properties Hotel Holdings Limited	36	08/12/2009	13/03/2021	7895682	PRC
	Swire Properties Hotel Holdings Limited	37	08/12/2009	13/03/2021	7895681	PRC
	Swire Properties Hotel Holdings Limited	39	08/12/2009	20/02/2021	7895680	PRC

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<b>Trademark</b>	<b>Registered Owner</b>	<b>Class</b>	<b>Application Date</b>	<b>Renewal Date</b>	<b>Registration Number</b>	<b>Place of Registration</b>
	Swire Properties Hotel Holdings Limited	41	08/12/2009	20/02/2021	7895679	PRC
	Swire Properties Hotel Holdings Limited	43	08/12/2009	20/02/2021	7895678	PRC
	Swire Properties Hotel Holdings Limited	44	08/12/2009	20/02/2021	7895707	PRC
	Swire Properties Hotel Holdings Limited	35	08/12/2009	20/02/2021	7895706	PRC
	Swire Properties Hotel Holdings Limited	36	08/12/2009	13/03/2021	7895705	PRC
	Swire Properties Hotel Holdings Limited	37	08/12/2009	13/03/2021	7895704	PRC
	Swire Properties Hotel Holdings Limited	39	08/12/2009	20/02/2021	7895703	PRC

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Hotel Holdings Limited	41	08/12/2009	20/02/2021	7895702	PRC
	Swire Properties Hotel Holdings Limited	43	08/12/2009	20/02/2021	7895701	PRC
	Swire Properties Hotel Holdings Limited	44	08/12/2009	20/02/2021	7895700	PRC
东隅	Swire Properties Hotel Holdings Limited	44	16/10/2008	27/07/2020	7003664	PRC
东隅	Swire Properties Hotel Holdings Limited	43	16/10/2008	27/07/2020	7003665	PRC
东隅	Swire Properties Hotel Holdings Limited	41	16/10/2008	13/10/2020	7003666	PRC
东隅	Swire Properties Hotel Holdings Limited	39	16/10/2008	13/10/2020	7003667	PRC
东隅	Swire Properties Hotel Holdings Limited	37	16/10/2008	06/07/2020	7003668	PRC
东隅	Swire Properties Hotel Holdings Limited	36	16/10/2008	06/07/2020	7003669	PRC



Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
东隅	Swire Properties Hotel Holdings Limited	35	16/10/2008	20/08/2020	7003670	PRC
東隅	Swire Properties Hotel Holdings Limited	44	16/10/2008	27/07/2020	7003671	PRC
東隅	Swire Properties Hotel Holdings Limited	43	16/10/2008	27/07/2020	7003672	PRC
東隅	Swire Properties Hotel Holdings Limited	41	16/10/2008	13/10/2020	7003673	PRC
東隅	Swire Properties Hotel Holdings Limited	39	16/10/2008	13/10/2020	7003674	PRC
東隅	Swire Properties Hotel Holdings Limited	37	16/10/2008	06/07/2020	7003675	PRC
東隅	Swire Properties Hotel Holdings Limited	36	16/10/2008	06/07/2020	7003676	PRC
東隅	Swire Properties Hotel Holdings Limited	35	16/10/2008	20/08/2020	7003677	PRC
奕居	Swire Properties Hotel Holdings Limited	44	16/02/2009	06/09/2020	7201966	PRC
奕居	Swire Properties Hotel Holdings Limited	43	16/02/2009	06/09/2020	7201967	PRC
奕居	Swire Properties Hotel Holdings Limited	41	16/02/2009	20/11/2020	7201968	PRC

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
奕居	Swire Properties Hotel Holdings Limited	39	16/02/2009	20/11/2020	7201969	PRC
奕居	Swire Properties Hotel Holdings Limited	37	16/02/2009	27/09/2020	7201970	PRC
奕居	Swire Properties Hotel Holdings Limited	35	16/02/2009	13/09/2020	7201972	PRC
FEAST - Food by East	Swire Properties Hotel Holdings Limited	43	24/06/2009	20/11/2020	7494502	PRC
	Swire Properties Hotel Holdings Limited	43	07/11/2003	13/04/2016	3788079	PRC
<sup>A</sup>  <sup>B</sup> 	Swire Properties Hotel Holdings Limited	35, 36, 37, 39, 41, 43, 44	19/06/2009	18/06/2019	301368397	Hong Kong
<sup>A</sup>  <sup>B</sup> 	Swire Properties Hotel Holdings Limited	43	24/06/2009	23/06/2019	301371311	Hong Kong
<sup>A.</sup>  <sup>B.</sup> 	Swire Properties Hotel Holdings Limited	35, 36, 37, 39, 41, 43, 44	04/12/2009	03/12/2019	301491543AA	Hong Kong

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
A. 	Swire Properties Hotel Holdings Limited	35, 36, 37, 39, 41, 43, 44	04/12/2009	03/12/2019	301491543AB	Hong Kong
B. 						
<sup>A</sup> 	Swire Properties Hotel Holdings Limited	43	18/01/2010	17/01/2020	301524645	Hong Kong
<sup>B</sup> 						
CITYPLAZA	Swire Properties Limited	42	30/09/1993	20/01/2017	935986	PRC
CITYPLAZA	Swire Properties Limited	36	30/09/1993	20/01/2017	935987	PRC
<i>Lincoln House</i>	Swire Properties Limited	36	17/06/1993	17/06/2014	1995B05636	Hong Kong
PACIFIC PLACE	Swire Properties Limited	19	07/05/1991	07/05/2012	1995B05802	Hong Kong
	Swire Properties Limited	36	09/02/1993	09/02/2014	1995B06164	Hong Kong
<i>Somerset House</i> 常盛大厦	Swire Properties Limited	36	02/03/1992	02/03/2013	1995B07325	Hong Kong
<i>Warwick House</i> 和域大厦	Swire Properties Limited	36	02/03/1992	02/03/2013	1995B07326	Hong Kong
	Swire Properties Limited	36	02/03/1992	02/03/2013	1995B07327	Hong Kong
						










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雍景臺 ROBINSON PLACE	Swire Properties Limited	37	09/02/1993	09/02/2014	1995B07651	Hong Kong
Devon House 德宏大廈	Swire Properties Limited	36	31/03/1993	31/03/2014	1995B08111	Hong Kong
Cornwall House 康和大廈	Swire Properties Limited	39	02/03/1992	02/03/2013	1995B10806	Hong Kong
Dorset House 多實大廈	Swire Properties Limited	39	02/03/1992	02/03/2013	1995B10807	Hong Kong
Somerset House 常盛大廈	Swire Properties Limited	39	02/03/1992	02/03/2013	1995B10808	Hong Kong
Warwick House 和域大廈	Swire Properties Limited	39	02/03/1992	02/03/2013	1995B10809	Hong Kong
PACIFIC PLACE	Swire Properties Limited	16	07/05/1991	07/05/2012	1996B00105	Hong Kong
<sup>1.</sup> PACIFIC PLACE  <sup>2.</sup> PacificPlace	Swire Properties Limited	36	02/03/1992	02/03/2013	1996B00109	Hong Kong
Devon House 德宏大廈	Swire Properties Limited	39	31/03/1993	31/03/2014	1996B00887	Hong Kong
Cornwall House 康和大廈	Swire Properties Limited	36	02/03/1992	02/03/2013	1996B03488	Hong Kong





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<sup>®</sup>  Cityplaza	Swire Properties Limited	36	02/03/1992	02/03/2013	1996B03942	Hong Kong
<sup>®</sup>  Cityplaza						
<sup>®</sup>  Cityplaza	Swire Properties Limited	41	02/03/1992	02/03/2013	1996B06164	Hong Kong
<sup>®</sup>  Cityplaza						
<sup>A</sup>  BUTTERFIELD'S	Swire Properties Limited	42	27/06/1995	27/06/2016	1996B11094	Hong Kong
<sup>B</sup>  BUTTERFIELD'S						
THE FLORIDIAN	Swire Properties Limited	37	19/01/1995	19/01/2016	1997B01361	Hong Kong
THE FLORIDIAN	Swire Properties Limited	36	19/01/1995	19/01/2016	1997B01512	Hong Kong
<sup>®</sup>  Cityplaza	Swire Properties Limited	42	02/03/1992	02/03/2013	1997B05883	Hong Kong
<sup>®</sup>  Cityplaza						
	Swire Properties Limited	36, 37	N/A	23/08/2013	1997B10559AA	Hong Kong
<b>!cityplaza</b>	Swire Properties Limited	16, 35, 36, 39, 41, 42, 43, 45	N/A	20/01/2014	1998B09547AA	Hong Kong
<i>Donset House</i> 多威大厦	Swire Properties Limited	39	22/03/1996	22/03/2017	1999B03745	Hong Kong









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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Limited	36	22/03/1996	22/03/2017	1999B03746	Hong Kong
<b>INFOMATE</b>	Swire Properties Limited	38	03/03/1999	03/03/2016	2001B00082	Hong Kong
<b>逸濤灣</b>	Swire Properties Limited	16, 36, 37, 42	N/A	12/05/2017	2001B10764AA	Hong Kong
CAMBRIDGE HOUSE 康橋大廈	Swire Properties Limited	39	06/09/2000	06/09/2017	2002B12368	Hong Kong
CAMBRIDGE HOUSE 康橋大廈	Swire Properties Limited	36	06/09/2000	06/09/2017	2003B09086	Hong Kong
	Swire Properties Limited	16	13/05/1991	13/05/2012	199203277	Hong Kong
	Swire Properties Limited	18	13/05/1991	13/05/2012	199203278	Hong Kong
	Swire Properties Limited	21	13/05/1991	13/05/2012	199203279	Hong Kong
	Swire Properties Limited	25	13/05/1991	13/05/2012	199203280	Hong Kong
	Swire Properties Limited	24	13/05/1991	13/05/2012	199204079	Hong Kong
	Swire Properties Limited	28	13/05/1991	13/05/2012	199300474	Hong Kong

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## STATUTORY AND GENERAL INFORMATION

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
 冰上皇宮 Cityplaza Ice Palace 冰上皇宮	Swire Properties Limited	25	29/02/1992	28/02/2013	199405766	Hong Kong
 CityCat 百變小城貓	Swire Properties Limited	28	13/05/1991	13/05/2012	199406241	Hong Kong
 CityCat 百變小城貓	Swire Properties Limited	25	13/05/1991	13/05/2012	199406242	Hong Kong
 CityCat 百變小城貓	Swire Properties Limited	24	13/05/1991	13/05/2012	199406243	Hong Kong
 CityCat 百變小城貓	Swire Properties Limited	21	13/05/1991	13/05/2012	199406244	Hong Kong
 CityCat 百變小城貓	Swire Properties Limited	18	13/05/1991	13/05/2012	199406245	Hong Kong
 CityCat 百變小城貓	Swire Properties Limited	16	13/05/1991	13/05/2012	199406246	Hong Kong
	Swire Properties Limited	36	02/03/1992	02/03/2013	199503014	Hong Kong







Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Limited	39	02/03/1992	02/03/2013	199503015	Hong Kong
 Oriental Environmental Services	Swire Properties Limited	42	02/03/1992	02/03/2013	199503882	Hong Kong
 The Atrium 曉暹軒 THE ATRIUM 曉暹軒 THE ATRIUM 曉暹軒	Swire Properties Limited	36	02/03/1992	02/03/2013	199505083	Hong Kong
 Parkside 柏舍	Swire Properties Limited	36	02/03/1992	02/03/2013	199505084	Hong Kong
 Island Place	Swire Properties Limited	36	17/06/1993	17/06/2014	199506535	Hong Kong
 Cityplaza Ice Palace 冰上皇宮	Swire Properties Limited	28	29/02/1992	28/02/2013	199602562	Hong Kong
	Swire Properties Limited	41	02/03/1992	02/03/2013	199603086	Hong Kong
 Cityplaza	Swire Properties Limited	39	02/03/1992	02/03/2013	199603943	Hong Kong
 Cityplaza						






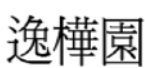










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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
<i>Island Place</i>	Swire Properties Limited	37	19/01/1995	19/01/2016	199607025	Hong Kong
<i>Oxford House</i> 濠豐大廈	Swire Properties Limited	39	19/01/1995	19/01/2016	199609236	Hong Kong
<i>Oxford House</i> 濠豐大廈	Swire Properties Limited	36	19/01/1995	19/01/2016	199609237	Hong Kong
	Swire Properties Limited	42	02/03/1992	02/03/2013	199611386	Hong Kong
1. PACIFIC PLACE	Swire Properties Limited	41	02/03/1992	02/03/2013	199704482	Hong Kong
2. <i>PacificPlace</i>						
1. PACIFIC PLACE	Swire Properties Limited	42	02/03/1992	02/03/2013	199704483	Hong Kong
2. <i>PacificPlace</i>						
A  B 	Swire Properties Limited	41	27/06/1995	27/06/2016	199706144	Hong Kong
1. PACIFIC PLACE	Swire Properties Limited	39	02/03/1992	02/03/2013	199707424	Hong Kong
2. <i>PacificPlace</i>						

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Limited	36, 37	N/A	23/08/2013	199707519AA	Hong Kong
	Swire Properties Limited	36	14/02/1996	14/02/2017	199708354	Hong Kong
	Swire Properties Limited	37	14/02/1996	14/02/2017	199708355	Hong Kong
 ISLAND PLACE 港匯	Swire Properties Limited	36	14/02/1996	14/02/2017	199708356	Hong Kong
 ISLAND PLACE 港匯	Swire Properties Limited	37	14/02/1996	14/02/2017	199708357	Hong Kong
ISLAND PLACE	Swire Properties Limited	36	14/02/1996	14/02/2017	199708358	Hong Kong
ISLAND PLACE	Swire Properties Limited	37	14/02/1996	14/02/2017	199804926	Hong Kong
	Swire Properties Limited	16	15/01/1999	15/01/2016	199913080	Hong Kong

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Limited	36, 42, 45	23/01/1998	23/01/2015	199913167AA	Hong Kong
<b>Les Saisons</b>	Swire Properties Limited	16	26/03/1999	26/03/2016	199916240	Hong Kong
	Swire Properties Limited	25	01/12/1998	01/12/2015	200003199	Hong Kong
	Swire Properties Limited	28	01/12/1998	01/12/2015	200004735	Hong Kong
	Swire Properties Limited	41	01/12/1998	01/12/2015	2000B04736	Hong Kong
	Swire Properties Limited	36, 37, 39	N/A	15/01/2016	200006712AA	Hong Kong
	Swire Properties Limited	39	12/05/2000	12/05/2017	200108491	Hong Kong
<b>Les Saisons</b>	Swire Properties Limited	36, 39, 42	N/A	17/05/2016	200113305AA	Hong Kong
	Swire Properties Limited	16, 36, 37, 39, 41	19/10/2001	19/10/2018	200203420AA	Hong Kong
The Orchards	Swire Properties Limited	16, 36, 37, 39, 41, 42	19/10/2001	19/10/2018	200205232AA	Hong Kong
good2me	Swire Properties Limited	9, 35, 36	11/04/2003	10/04/2013	300005589	Hong Kong

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
Victoria Place	Swire Properties Limited	16, 35, 36, 37, 39, 41, 42, 43, 45	15/11/2004	14/11/2014	300319167	Hong Kong
	Swire Properties Limited	35, 42, 43, 45	12/01/2007	11/01/2017	300795925	Hong Kong
 	Swire Properties Limited	19, 25, 28	14/02/2007	13/02/2017	300816237	Hong Kong
 	Swire Properties Limited	16, 19, 28, 35, 36, 39, 41, 42, 43, 45	14/02/2007	13/02/2017	300816255	Hong Kong
	Swire Properties Limited	16, 19, 25, 28, 36, 39, 41	14/02/2007	13/02/2017	300816291	Hong Kong
THE OPPOSITE HOUSE	Swire Properties Limited	35, 36, 37, 39, 41, 43, 44	20/12/2007	19/12/2017	301018683	Hong Kong
瑜舍	Swire Properties Limited	35, 36, 37, 39, 41, 43, 44	22/02/2008	21/02/2018	301057671	Hong Kong
 	Swire Properties Limited	35, 36, 37, 39, 41, 43, 44	14/04/2008	13/04/2018	301092997	Hong Kong
ArtisTree	Swire Properties Limited	41, 43	20/05/2008	19/05/2018	301120346	Hong Kong

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Limited	41, 43	20/05/2008	19/05/2018	301120355	Hong Kong
ArtisTree	Swire Properties Limited	41, 43	06/06/2008	05/06/2018	301133270	Hong Kong
<sup>^</sup> the opposite house 瑜舍 <sup>®</sup> the opposite house 瑜舍	Swire Properties Limited	35, 36, 37, 39, 41, 43, 44	25/09/2008	24/09/2018	301209122	Hong Kong
	Cityplaza Holdings Limited	36	30/09/1993	27/12/2014	774584	PRC
	Cityplaza Holdings Limited	42	30/09/1993	06/02/2015	777416	PRC
大中汇	Dazhongli Properties Limited	35	30/03/2006	13/06/2019	5251256	PRC
大中汇	Dazhongli Properties Limited	36	30/03/2006	20/09/2019	5251255	PRC
大中汇	Dazhongli Properties Limited	39	30/03/2006	20/06/2019	5251254	PRC
大中汇	Dazhongli Properties Limited	41	30/03/2006	13/07/2019	5251253	PRC
大中汇	Dazhongli Properties Limited	43	30/03/2006	20/09/2019	5251252	PRC
大中里	Dazhongli Properties Limited	35	12/08/2003	06/08/2015	3671170	PRC


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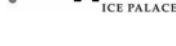

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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
大中里	Dazhongli Properties Limited	36	12/08/2003	20/11/2015	3671169	PRC
大中里	Dazhongli Properties Limited	39	12/08/2003	06/08/2015	3671168	PRC
大中里	Dazhongli Properties Limited	41	12/08/2003	06/08/2015	3671167	PRC
大中里	Dazhongli Properties Limited	43	12/08/2003	27/12/2015	3671166	PRC
Grand Central	Dazhongli Properties Limited	36	07/03/2006	13/11/2019	5196198	PRC
Grand Central	Dazhongli Properties Limited	39	07/03/2006	20/04/2020	5196199	PRC
Grand Central	Dazhongli Properties Limited	41	07/03/2006	06/07/2019	5196216	PRC
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	36	03/11/2009	06/03/2021	7805768	PRC
	Newfoundworld Site 2 (Retail) Limited	36	03/11/2009	06/03/2021	7805778	PRC
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	36	03/11/2009	06/03/2021	7805786	PRC
	Newfoundworld Site 2 (Retail) Limited	36	03/11/2009	06/03/2021	7805794	PRC
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	36	03/11/2009	06/03/2021	7805802	PRC
	Newfoundworld Site 2 (Retail) Limited	36	03/11/2009	06/03/2021	7805810	PRC















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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Pacific Place Holdings Limited	36	30/09/1993	27/12/2014	774589	PRC
	Pacific Place Holdings Limited	42	30/09/1993	20/11/2014	772432	PRC
PACIFIC PLACE	Pacific Place Holdings Limited	36	30/09/1993	13/03/2015	779389	PRC
PACIFIC PLACE	Pacific Place Holdings Limited	42	30/09/1993	20/02/2015	778360	PRC
CITYPLAZA	Swire Properties Limited	25	07/03/2007	20/02/2020	5932786	PRC
CITYPLAZA	Swire Properties Limited	19	07/03/2007	20/12/2019	5932787	PRC
CITYPLAZA	Swire Properties Limited	16	07/03/2007	13/12/2019	5932788	PRC
CITYPLAZA	Swire Properties Limited	28	07/03/2007	13/02/2020	5932791	PRC
CITYPLAZA	Swire Properties Limited	45	07/03/2007	20/04/2020	5932792	PRC
CITYPLAZA	Swire Properties Limited	41	07/03/2007	13/04/2020	5932793	PRC
	Swire Properties Limited	39	08/03/2007	13/04/2020	5934790	PRC
	Swire Properties Limited	36	08/03/2007	20/02/2020	5934791	PRC
	Swire Properties Limited	28	08/03/2007	20/02/2020	5934793	PRC
	Swire Properties Limited	41	08/03/2007	13/04/2020	5934798	PRC













Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Limited	39	08/03/2007	13/04/2020	5934799	PRC
	Swire Properties Limited	42	08/03/2007	13/04/2020	5934816	PRC
	Swire Properties Limited	41	08/03/2007	13/04/2020	5934817	PRC
	Swire Properties Limited	39	08/03/2007	13/04/2020	5934818	PRC
	Swire Properties Limited	42	08/03/2007	13/04/2020	5934827	PRC
	Swire Properties Limited	25	08/03/2007	20/02/2020	5934794	PRC
	Swire Properties Limited	19	08/03/2007	20/12/2019	5934795	PRC
	Swire Properties Limited	16	08/03/2007	13/12/2019	5934796	PRC
	Swire Properties Limited	45	08/03/2007	13/02/2020	5934797	PRC
	Swire Properties Limited	36	08/03/2007	20/02/2020	5934800	PRC
	Swire Properties Limited	28	08/03/2007	27/03/2020	5934802	PRC
	Swire Properties Limited	19	08/03/2007	20/12/2019	5934804	PRC
	Swire Properties Limited	28	08/03/2007	27/03/2020	5934821	PRC
	Swire Properties Limited	19	08/03/2007	20/12/2019	5934823	PRC
	Swire Properties Limited	16	08/03/2007	13/12/2019	5934824	PRC








Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Limited	43	08/03/2007	09/02/2020	5934968	PRC
	Swire Properties Limited	36	08/03/2007	20/02/2020	5934972	PRC
	Swire Properties Limited	28	08/03/2007	20/03/2020	5934974	PRC
	Swire Properties Limited	25	08/03/2007	20/02/2020	5934975	PRC
	Swire Properties Limited	19	08/03/2007	20/12/2019	5934976	PRC
	Swire Properties Limited	16	08/03/2007	13/12/2019	5934977	PRC
	Swire Properties Limited	16	08/03/2007	13/02/2019	5934805	PRC
	Swire Properties Limited	45	08/03/2007	13/02/2020	5934806	PRC
	Swire Properties Limited	43	08/03/2007	27/02/2020	5934807	PRC
	Swire Properties Limited	36	08/03/2007	27/03/2020	5934819	PRC
	Swire Properties Limited	45	16/02/2007	06/08/2021	5921584	PRC
	Swire Properties Limited	42	16/02/2007	06/06/2020	5921586	PRC
	Swire Properties Limited	41	16/02/2007	06/06/2020	5921587	PRC
	Swire Properties Limited	41	16/02/2007	06/06/2020	5921608	PRC
	Swire Properties Limited	36	16/02/2007	06/08/2020	5921610	PRC
	Swire Properties Limited	28	16/02/2007	06/02/2021	5921612	PRC

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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Limited	25	16/02/2007	06/02/2021	5921613	PRC
	Swire Properties Limited	16	16/02/2007	13/05/2020	5921615	PRC
	Swire Properties Limited	36	16/02/2007	06/08/2021	5921619	PRC
	Swire Properties Limited	28	16/02/2007	06/02/2021	5921621	PRC
	Swire Properties Limited	25	16/02/2007	06/02/2021	5921622	PRC
	Swire Properties Limited	16	16/02/2007	13/05/2020	5921624	PRC
	Swire Properties Limited	45	16/02/2007	06/08/2021	5921625	PRC
	Swire Properties Limited	42	16/02/2007	06/06/2021	5921627	PRC
<b>CITYPLAZA</b>	Swire Properties Limited	39	07/03/2007	06/08/2020	5932789	PRC
	Swire Properties Limited	42	08/03/2007	27/07/2020	5934788	PRC
	Swire Properties Limited	41	08/03/2007	27/07/2020	5934789	PRC
	Swire Properties Limited	25	08/03/2007	27/06/2020	5934803	PRC
	Swire Properties Limited	45	08/03/2007	06/05/2020	5934814	PRC
	Swire Properties Limited	43	08/03/2007	06/05/2020	5934815	PRC
	Swire Properties Limited	25	08/03/2007	27/06/2020	5934822	PRC

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Limited	45	08/03/2007	06/05/2020	5934825	PRC
	Swire Properties Limited	43	08/03/2007	06/05/2020	5934826	PRC
	Swire Properties Limited	42	08/03/2007	27/07/2020	5934969	PRC
	Swire Properties Limited	41	08/03/2007	27/07/2020	5934970	PRC
	Swire Properties Limited	39	08/03/2007	27/07/2020	5934971	PRC
THE OPPOSITE HOUSE	Swire Properties Limited	44	20/12/2007	27/05/2020	6449288	PRC
THE OPPOSITE HOUSE	Swire Properties Limited	43	20/12/2007	27/06/2020	6449289	PRC
THE OPPOSITE HOUSE	Swire Properties Limited	41	20/12/2007	13/07/2020	6449290	PRC
THE OPPOSITE HOUSE	Swire Properties Limited	39	20/12/2007	13/07/2020	6449291	PRC
THE OPPOSITE HOUSE	Swire Properties Limited	37	20/12/2007	27/05/2020	6449292	PRC
THE OPPOSITE HOUSE	Swire Properties Limited	36	20/12/2007	27/05/2020	6449293	PRC
THE OPPOSITE HOUSE	Swire Properties Limited	35	20/12/2007	06/07/2020	6449294	PRC
瑜舍	Swire Properties Limited	35	21/02/2008	13/07/2020	6559172	PRC
瑜舍	Swire Properties Limited	39	21/02/2008	06/08/2020	6559175	PRC

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
瑜舍	Swire Properties Limited	41	21/02/2008	06/08/2020	6559176	PRC
瑜舍	Swire Properties Limited	43	21/02/2008	20/04/2020	6559177	PRC
瑜舍	Swire Properties Limited	44	21/02/2008	20/04/2020	6559178	PRC
the opposite house 瑜舍	Swire Properties Limited	44	15/04/2008	06/05/2020	6661821	PRC
the opposite house 瑜舍	Swire Properties Limited	43	15/04/2008	06/05/2020	6661826	PRC
the opposite house 瑜舍	Swire Properties Limited	41	15/04/2008	27/11/2020	6661827	PRC
the opposite house 瑜舍	Swire Properties Limited	39	15/04/2008	27/11/2020	6661828	PRC
the opposite house 瑜舍	Swire Properties Limited	37	15/04/2008	13/05/2020	6661829	PRC
the opposite house 瑜舍	Swire Properties Limited	36	15/04/2008	13/05/2020	6661830	PRC
the opposite house 瑜舍	Swire Properties Limited	35	15/04/2008	27/11/2020	6661831	PRC
the opposite house 瑜舍	Swire Properties Limited	44	15/04/2008	06/05/2020	6661832	PRC
the opposite house 瑜舍	Swire Properties Limited	43	15/04/2008	06/05/2020	6661833	PRC

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
the 瑜 opposite 舍 house	Swire Properties Limited	41	15/04/2008	27/11/2020	6661834	PRC
the 瑜 opposite 舍 house	Swire Properties Limited	39	15/04/2008	27/11/2020	6661835	PRC
the 瑜 opposite 舍 house	Swire Properties Limited	37	15/04/2008	13/05/2020	6661836	PRC
the 瑜 opposite 舍 house	Swire Properties Limited	36	15/04/2008	13/05/2020	6661837	PRC
the 瑜 opposite 舍 house	Swire Properties Limited	35	15/04/2008	27/11/2020	6661838	PRC
the 瑜 opposite 舍 house	Swire Properties Limited	44	15/04/2008	06/05/2020	6661839	PRC
the 瑜 opposite 舍 house	Swire Properties Limited	43	15/04/2008	06/05/2020	6661840	PRC
the 瑜 opposite 舍 house	Swire Properties Limited	41	15/04/2008	27/11/2020	6661841	PRC

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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
the 瑜 opposite 舍 house	Swire Properties Limited	39	15/04/2008	27/11/2020	6661842	PRC
the 瑜 opposite 舍 house	Swire Properties Limited	37	15/04/2008	13/05/2020	6661843	PRC
the 瑜 opposite 舍 house	Swire Properties Limited	36	15/04/2008	13/05/2020	6661844	PRC
the 瑜 opposite 舍 house	Swire Properties Limited	35	15/04/2008	27/11/2020	6661845	PRC
<sup>a</sup> <b>THREE ISLAND EAST</b> <sup>b</sup> <b>THREE ISLAND EAST</b> <sup>c</sup> <b>Three Island East</b>	Swire Properties Limited	6, 16, 19, 25, 35, 36, 39, 41, 42, 43, 44, 45	03/03/2011	02/03/2021	301848961	Hong Kong
<sup>a</sup> <b>TWO ISLAND EAST</b> <sup>b</sup> <b>TWO ISLAND EAST</b> <sup>c</sup> <b>Two Island East</b>	Swire Properties Limited	6, 16, 19, 25, 35, 36, 39, 41, 42, 43, 44, 45	03/03/2011	02/03/2021	301848952	Hong Kong
<sup>a</sup> <b>ONE ISLAND EAST</b> <sup>b</sup> <b>ONE ISLAND EAST</b> <sup>c</sup> <b>One Island East</b>	Swire Properties Limited	6, 16, 19, 25, 35, 36, 39, 41, 42, 43, 44, 45	03/03/2011	02/03/2021	301848943	Hong Kong
<b>THE VILLAGE</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	36	24/09/2007	27/03/2020	6292732	PRC

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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
<b>THE VILLAGE</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	28	24/09/2007	06/04/2020	6292734	PRC
<b>THE VILLAGE</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	19	24/09/2007	06/03/2020	6292736	PRC
<b>三里屯</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	36	24/09/2007	27/03/2020	6292743	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	36	24/09/2007	27/03/2020	6292754	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	36	24/09/2007	27/03/2020	6292765	PRC
<b>THE VILLAGE</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	45	24/09/2007	20/06/2020	6292727	PRC
<b>THE VILLAGE</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	42	24/09/2007	20/08/2020	6292729	PRC

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
<b>THE VILLAGE</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	39	24/09/2007	20/06/2020	6292731	PRC
<b>THE VILLAGE</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	35	24/09/2007	27/08/2020	6292733	PRC
<b>THE VILLAGE</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	25	24/09/2007	13/12/2020	6292735	PRC
<b>THE VILLAGE</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	16	24/09/2007	27/10/2020	6292737	PRC
<b>三里屯</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	19	24/09/2007	13/05/2021	6292747	PRC
<b>三里屯</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	16	24/09/2007	20/01/2021	6292748	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	16	24/09/2007	27/12/2020	6292759	PRC



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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	39	24/09/2007	06/08/2020	6292764	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	19	24/09/2007	06/06/2020	6292769	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	16	24/09/2007	27/10/2020	6292770	PRC
<b>SUREÑO</b>	Beijing Sanlitun Hotel Management Company Limited	43	04/01/2008	13/04/2020	6492318	PRC
<b>MESH</b>	Beijing Sanlitun Hotel Management Company Limited	43	04/01/2008	13/04/2020	6492321	PRC
PUNK	Beijing Sanlitun Hotel Management Company Limited	41	04/01/2008	20/07/2020	6492322	PRC
瑜舍	Swire Properties Limited	36	21/02/2008	27/03/2020	6559173	PRC
瑜舍	Swire Properties Limited	37	21/02/2008	27/03/2020	6559174	PRC

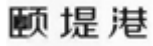
## APPENDIX VIII

## STATUTORY AND GENERAL INFORMATION

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	New Light Hotels Limited	16, 25, 35, 39, 41, 42	08/04/1999	08/04/2019	2193941	U.K.
						
ALIAS HOTELS	New Light Hotels Limited	35, 39, 41, 42	08/04/1999	08/04/2019	2193955	U.K.
	New Light Hotels Limited	16, 25, 35, 41, 42	08/04/1999	08/04/2019	2193986	U.K.
						
CAFÉ PARADISO	New Light Hotels Limited	16, 25, 35, 41, 42	08/04/1999	08/04/2019	2193993	U.K.
U-BAHN	New Light Hotels Limited	16, 35, 41, 42	08/04/1999	08/04/2019	2194001	U.K.
	New Light Hotels Limited	16, 35, 41, 42	08/04/1999	08/04/2019	2194003	U.K.
	New Light Hotels Limited	25, 35, 41, 42	08/04/1999	08/04/2019	2194009	U.K.
						
KANDINSKY	New Light Hotels Limited	25, 35, 41, 42	08/04/1999	08/04/2019	2194016	U.K.
	New Light Hotels Limited	16, 25, 35, 41, 42	29/07/1999	29/07/2019	2204358	U.K.
THE ALIAN	New Light Hotels Limited	16, 35, 39, 41, 43, 44	02/05/2002	02/05/2012	2299641	U.K.

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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
SEATTLE	New Light Hotels Limited	43	16/05/2002	16/05/2012	2300755	U.K.
BLACK AND WHITE	New Light Hotels Limited	35, 39, 41, 43, 44	16/05/2002	16/05/2012	2300767	U.K.
	New Light Hotels Limited	16, 25, 35, 39, 41, 43, 44	17/05/2002	17/05/2012	2300909	U.K.
ALIAS	New Light Hotels Limited	35, 36, 37, 39	15/08/2002	15/08/2012	2308187	U.K.
ST. LOUIS SAINT LOUIS	New Light Hotels Limited	43, 44	13/10/2003	13/10/2013	2345836	U.K.
ALIAS HOTELS ST. LOUIS	New Light Hotels Limited	16, 25, 35, 36, 37, 39, 41, 43, 44	13/10/2003	13/10/2013	2345840	U.K.
ALIAS HOTELS SAINT LOUIS						
LUMEN	New Light Hotels Limited	43	29/06/2007	29/06/2017	2459997	U.K.
CHAPTER	New Light Hotels Limited	16, 41, 43, 44	03/08/2009	03/08/2019	8468332	European Union
MONTPELLIER CHAPTER	New Light Hotels Limited	16, 41, 43, 44	14/05/2010	14/05/2020	009104209	European Union
MAGDALEN CHAPTER	New Light Hotels Limited	16, 41, 43, 44	14/05/2010	14/05/2020	009104258	European Union
	Beijing Linlian Real Estate Company Limited	36	27/01/2010	27/03/2021	8028926	PRC
	Beijing Linlian Real Estate Company Limited	37	27/01/2010	27/03/2021	8028994	PRC
	Beijing Linlian Real Estate Company Limited	37	27/01/2010	27/03/2021	8029045	PRC












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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Beijing Linlian Real Estate Company Limited	42	27/01/2010	06/10/2021	8029102	PRC
	Beijing Linlian Real Estate Company Limited	42	27/01/2010	06/10/2021	8029149	PRC
	Beijing Linlian Real Estate Company Limited	42	27/01/2010	27/02/2021	8029177	PRC
	Beijing Linlian Real Estate Company Limited	43	27/01/2010	06/09/2021	8029197	PRC
	Beijing Linlian Real Estate Company Limited	43	27/01/2010	06/09/2021	8029215	PRC
	Beijing Linlian Real Estate Company Limited	43	28/01/2010	13/03/2021	8032046	PRC
	Beijing Linlian Real Estate Company Limited	1	28/01/2010	13/04/2021	8032119	PRC
	Beijing Linlian Real Estate Company Limited	2	28/01/2010	27/04/2021	8032170	PRC
	Beijing Linlian Real Estate Company Limited	4	28/01/2010	13/02/2021	8032252	PRC
	Beijing Linlian Real Estate Company Limited	5	28/01/2010	13/05/2021	8032416	PRC
	Beijing Linlian Real Estate Company Limited	6	28/01/2010	06/03/2021	8032480	PRC












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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Beijing Linlian Real Estate Company Limited	8	29/01/2010	13/04/2021	8035856	PRC
	Beijing Linlian Real Estate Company Limited	10	29/01/2010	06/05/2021	8036209	PRC
	Beijing Linlian Real Estate Company Limited	11	29/01/2010	20/04/2021	8036310	PRC
	Beijing Linlian Real Estate Company Limited	13	29/01/2010	20/04/2021	8036342	PRC
	Beijing Linlian Real Estate Company Limited	15	29/01/2010	27/02/2021	8036368	PRC
	Beijing Linlian Real Estate Company Limited	17	29/01/2010	13/02/2021	8036416	PRC
	Beijing Linlian Real Estate Company Limited	19	01/02/2010	13/02/2021	8041184	PRC
	Beijing Linlian Real Estate Company Limited	20	01/02/2010	06/03/2021	8041218	PRC
	Beijing Linlian Real Estate Company Limited	21	01/02/2010	06/03/2021	8041308	PRC
	Beijing Linlian Real Estate Company Limited	28	02/02/2010	20/04/2021	8045116	PRC
	Beijing Linlian Real Estate Company Limited	29	02/02/2010	27/03/2021	8045188	PRC

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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Beijing Linlian Real Estate Company Limited	30	02/02/2010	13/02/2021	8045261	PRC
	Beijing Linlian Real Estate Company Limited	31	02/02/2010	27/03/2021	8045295	PRC
	Beijing Linlian Real Estate Company Limited	32	02/02/2010	13/02/2021	8045325	PRC
	Beijing Linlian Real Estate Company Limited	33	02/02/2010	13/02/2021	8045345	PRC
	Beijing Linlian Real Estate Company Limited	34	02/02/2010	27/03/2021	8045366	PRC
	Beijing Linlian Real Estate Company Limited	39	02/02/2010	20/09/2021	8045414	PRC
	Beijing Linlian Real Estate Company Limited	40	03/02/2010	27/03/2021	8048759	PRC
	Beijing Linlian Real Estate Company Limited	41	03/02/2010	13/03/2021	8048848	PRC
	Beijing Linlian Real Estate Company Limited	44	03/02/2010	13/07/2021	8048904	PRC
	Beijing Linlian Real Estate Company Limited	45	03/02/2010	20/09/2021	8048936	PRC
	Beijing Linlian Real Estate Company Limited	16	03/02/2010	27/04/2021	8049047	PRC

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Beijing Linlian Real Estate Company Limited	35	03/02/2010	20/07/2021	8049106	PRC
	Beijing Linlian Real Estate Company Limited	1	03/02/2010	27/03/2021	8049237	PRC
	Beijing Linlian Real Estate Company Limited	2	04/02/2010	27/03/2021	8052457	PRC
	Beijing Linlian Real Estate Company Limited	3	04/02/2010	13/05/2021	8052522	PRC
	Beijing Linlian Real Estate Company Limited	4	04/02/2010	06/04/2021	8052556	PRC
	Beijing Linlian Real Estate Company Limited	5	04/02/2010	06/04/2021	8052700	PRC
	Beijing Linlian Real Estate Company Limited	6	04/02/2010	20/04/2021	8052766	PRC
	Beijing Linlian Real Estate Company Limited	7	04/02/2010	20/04/2021	8052801	PRC
	Beijing Linlian Real Estate Company Limited	8	04/02/2010	20/04/2021	8052828	PRC
	Beijing Linlian Real Estate Company Limited	9	04/02/2010	20/03/2021	8052946	PRC
	Beijing Linlian Real Estate Company Limited	10	04/02/2010	06/03/2021	8052968	PRC
	Beijing Linlian Real Estate Company Limited	11	04/02/2010	20/04/2021	8053013	PRC



Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
颐堤港	Beijing Linlian Real Estate Company Limited	12	05/02/2010	06/03/2021	8056573	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	13	05/02/2010	27/04/2021	8056590	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	14	05/02/2010	27/02/2021	8056618	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	15	05/02/2010	27/02/2021	8056634	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	16	05/02/2010	20/03/2021	8056683	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	17	05/02/2010	20/05/2021	8056712	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	18	05/02/2010	27/02/2021	8056742	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	19	05/02/2010	13/02/2021	8056774	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	20	05/02/2010	06/03/2021	8056794	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	21	05/02/2010	06/03/2021	8056882	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	22	08/02/2010	27/02/2021	8061450	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	23	08/02/2010	27/02/2021	8061479	PRC



Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
颐堤港	Beijing Linlian Real Estate Company Limited	24	08/02/2010	27/02/2021	8061526	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	25	08/02/2010	27/02/2021	8061560	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	26	08/02/2010	27/02/2021	8061596	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	27	08/02/2010	27/02/2021	8061620	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	28	08/02/2010	27/02/2021	8061657	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	29	08/02/2010	06/04/2021	8062618	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	30	08/02/2010	13/02/2021	8062674	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	31	08/02/2010	06/04/2021	8062683	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	32	09/02/2010	13/02/2021	8065860	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	33	09/02/2010	13/02/2021	8065892	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	34	09/02/2010	06/04/2021	8065917	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	35	09/02/2010	20/03/2021	8065964	PRC

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
颐堤港	Beijing Linlian Real Estate Company Limited	38	09/02/2010	06/04/2021	8066000	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	39	09/02/2010	20/03/2021	8066039	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	40	09/02/2010	06/04/2021	8066069	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	41	09/02/2010	20/03/2021	8066123	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	44	09/02/2010	20/03/2021	8066177	PRC
颐堤港	Beijing Linlian Real Estate Company Limited	45	09/02/2010	20/03/2021	8066199	PRC

(d) As at the Latest Practicable Date, members of the Group have applied for registration of the following trademarks:






Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Newfoundworld Site 2 (Retail) Limited	16, 28, 35, 36, 39, 41, 42, 43, 45	23/03/2011	301866628	Hong Kong
	Newfoundworld Site 2 (Retail) Limited	16, 28, 35, 36, 39, 41, 42, 43, 45	23/03/2011	301866619	Hong Kong
Argenta	Swire Properties Limited	16, 19, 36, 37, 39, 41, 43, 45	22/07/2011	301982430	Hong Kong







Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Swire Properties Limited	16, 19, 36, 37, 39, 41, 43, 45	21/07/2011	301981008	Hong Kong
	Swire Properties Limited	9, 16, 35, 41, 42, 43	14/04/2011	301889344	Hong Kong
	Swire Properties Limited	6, 16, 19, 25, 35, 36, 39, 41, 42, 43, 44, 45	03/03/2011	301848970	Hong Kong
	Swire Properties Limited	16, 35, 41, 43	14/10/2011	302057210	Hong Kong
	Swire Properties Limited	16, 35, 41, 43	01/06/2011	301934217	Hong Kong
<b>THE VILLAGE</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	43	24/09/2007	6292728	PRC

<u>Trademark</u>	<u>Name of Applicant</u>	<u>Class</u>	<u>Application Date</u>	<u>Application Number</u>	<u>Place of Application</u>
<b>THE VILLAGE</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	41	24/09/2007	6292730	PRC
<b>三里屯</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	45	24/09/2007	6292738	PRC
<b>三里屯</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	43	24/09/2007	6292739	PRC
<b>三里屯</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	42	24/09/2007	6292740	PRC
<b>三里屯</b>	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	41	24/09/2007	6292741	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
三里屯	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	39	24/09/2007	6292742	PRC
三里屯	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	35	24/09/2007	6292744	PRC
三里屯	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	28	24/09/2007	6292745	PRC
三里屯	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	25	24/09/2007	6292746	PRC
三里屯 VILLAGE	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	45	24/09/2007	6292749	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	43	24/09/2007	6292750	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	42	24/09/2007	6292751	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	41	24/09/2007	6292752	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	39	24/09/2007	6292753	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	35	24/09/2007	6292755	PRC








Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	28	24/09/2007	6292756	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	25	24/09/2007	6292757	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	19	24/09/2007	6292758	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	45	24/09/2007	6292760	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	43	24/09/2007	6292761	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	42	24/09/2007	6292762	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	41	24/09/2007	6292763	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	35	24/09/2007	6292766	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	28	24/09/2007	6292767	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	25	24/09/2007	6292768	PRC
东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	43	03/11/2009	7805798	PRC
	Newfoundworld Site 2 (Retail) Limited	43	03/11/2009	7805774	PRC



Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	43	03/11/2009	7805764	PRC
	Newfoundworld Site 2 (Retail) Limited	43	03/11/2009	7805790	PRC
	Newfoundworld Site 2 (Retail) Limited	16	08/04/2011	9314620	PRC
	Newfoundworld Site 2 (Retail) Limited	28	08/04/2011	9314619	PRC
	Newfoundworld Site 2 (Retail) Limited	35	08/04/2011	9314618	PRC
	Newfoundworld Site 2 (Retail) Limited	36	08/04/2011	9314617	PRC
	Newfoundworld Site 2 (Retail) Limited	39	08/04/2011	9314616	PRC
	Newfoundworld Site 2 (Retail) Limited	41	08/04/2011	9314615	PRC
	Newfoundworld Site 2 (Retail) Limited	42	08/04/2011	9314614	PRC
	Newfoundworld Site 2 (Retail) Limited	43	08/04/2011	9314613	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Newfoundland Site 2 (Retail) Limited	45	08/04/2011	9314612	PRC
	Newfoundland Site 2 (Retail) Limited	16	08/04/2011	9314760	PRC
	Newfoundland Site 2 (Retail) Limited	28	08/04/2011	9314759	PRC
	Newfoundland Site 2 (Retail) Limited	35	08/04/2011	9314758	PRC
	Newfoundland Site 2 (Retail) Limited	36	08/04/2011	9314757	PRC
	Newfoundland Site 2 (Retail) Limited	39	08/04/2011	9314756	PRC
	Newfoundland Site 2 (Retail) Limited	41	08/04/2011	9314755	PRC
	Newfoundland Site 2 (Retail) Limited	42	08/04/2011	9314754	PRC
	Newfoundland Site 2 (Retail) Limited	43	08/04/2011	9314753	PRC
	Newfoundland Site 2 (Retail) Limited	45	08/04/2011	9314752	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Newfoundworld Site 2 (Retail) Limited	16	29/09/2010	8711213	PRC
	Newfoundworld Site 2 (Retail) Limited	28	29/09/2010	8711211	PRC
	Newfoundworld Site 2 (Retail) Limited	35	29/09/2010	8711210	PRC
	Newfoundworld Site 2 (Retail) Limited	36	29/09/2010	8711209	PRC
	Newfoundworld Site 2 (Retail) Limited	39	29/09/2010	8711208	PRC
	Newfoundworld Site 2 (Retail) Limited	41	29/09/2010	8711207	PRC
	Newfoundworld Site 2 (Retail) Limited	42	29/09/2010	8711206	PRC
	Newfoundworld Site 2 (Retail) Limited	43	29/09/2010	8711205	PRC
	Newfoundworld Site 2 (Retail) Limited	45	29/09/2010	8711204	PRC
CITYGATE 东荟城	Newfoundworld Site 2 (Retail) Limited	16	29/09/2010	8711223	PRC
CITYGATE 东荟城	Newfoundworld Site 2 (Retail) Limited	19	29/09/2010	8711222	PRC

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Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
CITYGATE 东荟城	Newfoundworld Site 2 (Retail) Limited	28	29/09/2010	8711221	PRC
CITYGATE 东荟城	Newfoundworld Site 2 (Retail) Limited	35	29/09/2010	8711220	PRC
CITYGATE 东荟城	Newfoundworld Site 2 (Retail) Limited	36	29/09/2010	8711219	PRC
CITYGATE 东荟城	Newfoundworld Site 2 (Retail) Limited	39	29/09/2010	8711218	PRC
CITYGATE 东荟城	Newfoundworld Site 2 (Retail) Limited	41	29/09/2010	8711217	PRC
CITYGATE 东荟城	Newfoundworld Site 2 (Retail) Limited	42	29/09/2010	8711216	PRC
CITYGATE 东荟城	Newfoundworld Site 2 (Retail) Limited	43	29/09/2010	8711215	PRC
CITYGATE 东荟城	Newfoundworld Site 2 (Retail) Limited	45	29/09/2010	8711214	PRC
 citygate 东荟城	Newfoundworld Site 2 (Retail) Limited	16	29/09/2010	8711232	PRC
 citygate 东荟城	Newfoundworld Site 2 (Retail) Limited	28	29/09/2010	8711231	PRC
 citygate 东荟城	Newfoundworld Site 2 (Retail) Limited	35	29/09/2010	8711230	PRC
 citygate 东荟城	Newfoundworld Site 2 (Retail) Limited	36	29/09/2010	8711229	PRC

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Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Newfoundworld Site 2 (Retail) Limited	39	29/09/2010	8711228	PRC
	Newfoundworld Site 2 (Retail) Limited	41	29/09/2010	8711227	PRC
	Newfoundworld Site 2 (Retail) Limited	42	29/09/2010	8711226	PRC
	Newfoundworld Site 2 (Retail) Limited	43	29/09/2010	8711225	PRC
	Newfoundworld Site 2 (Retail) Limited	45	29/09/2010	8711224	PRC
PACIFIC PLACE	Pacific Place Holdings Limited	6	22/03/2011	9242615	PRC
PACIFIC PLACE	Pacific Place Holdings Limited	16	22/03/2011	9242614	PRC
PACIFIC PLACE	Pacific Place Holdings Limited	19	22/03/2011	9242613	PRC
PACIFIC PLACE	Pacific Place Holdings Limited	35	22/03/2011	9242612	PRC
PACIFIC PLACE	Pacific Place Holdings Limited	36	22/03/2011	9242611	PRC
PACIFIC PLACE	Pacific Place Holdings Limited	39	22/03/2011	9242610	PRC
PACIFIC PLACE	Pacific Place Holdings Limited	41	22/03/2011	9242609	PRC
PACIFIC PLACE	Pacific Place Holdings Limited	43	22/03/2011	9242608	PRC
PACIFIC PLACE	Pacific Place Holdings Limited	45	22/03/2011	9242606	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Pacific Place Holdings Limited	6	22/03/2011	9242625	PRC
	Pacific Place Holdings Limited	16	22/03/2011	9242624	PRC
	Pacific Place Holdings Limited	19	22/03/2011	9242623	PRC
	Pacific Place Holdings Limited	35	22/03/2011	9242622	PRC
	Pacific Place Holdings Limited	36	22/03/2011	9242621	PRC
	Pacific Place Holdings Limited	39	22/03/2011	9242620	PRC
	Pacific Place Holdings Limited	41	22/03/2011	9242619	PRC
	Pacific Place Holdings Limited	43	22/03/2011	9242618	PRC
	Pacific Place Holdings Limited	44	22/03/2011	9242617	PRC
	Pacific Place Holdings Limited	45	22/03/2011	9242616	PRC
The Upper House	Swire Properties Hotel Holdings Limited	43	16/10/2008	7003658	PRC

<u>Trademark</u>	<u>Name of Applicant</u>	<u>Class</u>	<u>Application Date</u>	<u>Application Number</u>	<u>Place of Application</u>
The Upper House	Swire Properties Hotel Holdings Limited	41	16/10/2008	7003659	PRC
The Upper House	Swire Properties Hotel Holdings Limited	39	16/10/2008	7003660	PRC
The Upper House	Swire Properties Hotel Holdings Limited	37	16/10/2008	7003661	PRC
The Upper House	Swire Properties Hotel Holdings Limited	36	16/10/2008	7003662	PRC
The Upper House	Swire Properties Hotel Holdings Limited	35	16/10/2008	7003663	PRC
The Upper House	Swire Properties Hotel Holdings Limited	44	16/10/2008	7003812	PRC
The Upper House	Swire Properties Hotel Holdings Limited	44	29/10/2008	7027214	PRC
The Upper House	Swire Properties Hotel Holdings Limited	43	29/10/2008	7027215	PRC
The Upper House	Swire Properties Hotel Holdings Limited	41	29/10/2008	7027216	PRC
The Upper House	Swire Properties Hotel Holdings Limited	39	29/10/2008	7027217	PRC
The Upper House	Swire Properties Hotel Holdings Limited	37	29/10/2008	7027218	PRC
The Upper House	Swire Properties Hotel Holdings Limited	36	29/10/2008	7027219	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
The Upper House	Swire Properties Hotel Holdings Limited	35	29/10/2008	7027220	PRC
奕居	Swire Properties Hotel Holdings Limited	36	16/02/2009	7201971	PRC
Sugar	Swire Properties Hotel Holdings Limited	43	24/06/2009	7494503	PRC
Sugar	Swire Properties Hotel Holdings Limited	41	09/07/2009	7530764	PRC
<sup>A</sup>  <sup>B</sup> 	Swire Properties Hotel Holdings Limited	43	18/01/2010	301524654	Hong Kong
	Swire Properties Hotel Holdings Limited	43	25/09/2010	8696488	PRC
east	Swire Properties Hotel Holdings Limited	35	25/10/2010	8772750	PRC
east	Swire Properties Hotel Holdings Limited	36	25/10/2010	8772849	PRC
east	Swire Properties Hotel Holdings Limited	37	25/10/2010	8772848	PRC
east	Swire Properties Hotel Holdings Limited	39	25/10/2010	8772847	PRC
east	Swire Properties Hotel Holdings Limited	41	25/10/2010	8772846	PRC



Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
<b>east</b>	Swire Properties Hotel Holdings Limited	43	25/10/2010	8772845	PRC
<b>east</b>	Swire Properties Hotel Holdings Limited	45	25/10/2010	8772844	PRC
<b>ISLAND EAST 港島東</b>	Swire Properties Limited	43	16/02/2007	5921585	PRC
<b>ISLAND EAST 港島東</b>	Swire Properties Limited	39	16/02/2007	5921609	PRC
<b>ISLAND EAST 港島東</b>	Swire Properties Limited	35	16/02/2007	5921611	PRC
<b>ISLAND EAST 港島東</b>	Swire Properties Limited	19	16/02/2007	5921614	PRC
<b>ISLAND EAST 港島東</b>	Swire Properties Limited	39	16/02/2007	5921618	PRC
<b>ISLAND EAST 港島東</b>	Swire Properties Limited	35	16/02/2007	5921620	PRC
<b>ISLAND EAST 港島東</b>	Swire Properties Limited	19	16/02/2007	5921623	PRC
<b>ISLAND EAST 港島東</b>	Swire Properties Limited	43	16/02/2007	5921626	PRC
<b>!Cityplaza</b>	Swire Properties Limited	35	08/03/2007	5934792	PRC
<b>!Cityplaza</b>	Swire Properties Limited	35	17/02/2011	9127095	PRC
<b>!Cityplaza</b>	Swire Properties Limited	35	17/02/2011	9127096	PRC
<b>!Cityplaza</b> ICE PALACE	Swire Properties Limited	35	17/02/2011	9127097	PRC
<b>!Cityplaza</b> ICE PALACE	Swire Properties Limited	35	17/02/2011	9127098	PRC

<b>Trademark</b>	<b>Name of Applicant</b>	<b>Class</b>	<b>Application Date</b>	<b>Application Number</b>	<b>Place of Application</b>
<b>CITYPLAZA</b>	Swire Properties Limited	35	17/02/2011	9127094	PRC
<b>ONE ISLAND EAST</b>	Swire Properties Limited	6	22/03/2011	9242665	PRC
<b>ONE ISLAND EAST</b>	Swire Properties Limited	16	22/03/2011	9242664	PRC
<b>ONE ISLAND EAST</b>	Swire Properties Limited	19	22/03/2011	9242663	PRC
<b>ONE ISLAND EAST</b>	Swire Properties Limited	25	22/03/2011	9242662	PRC
<b>ONE ISLAND EAST</b>	Swire Properties Limited	35	22/03/2011	9242661	PRC
<b>ONE ISLAND EAST</b>	Swire Properties Limited	36	22/03/2011	9242660	PRC
<b>ONE ISLAND EAST</b>	Swire Properties Limited	39	22/03/2011	9242659	PRC
<b>ONE ISLAND EAST</b>	Swire Properties Limited	41	22/03/2011	9242658	PRC
<b>ONE ISLAND EAST</b>	Swire Properties Limited	42	22/03/2011	9242657	PRC
<b>ONE ISLAND EAST</b>	Swire Properties Limited	43	22/03/2011	9242656	PRC
<b>ONE ISLAND EAST</b>	Swire Properties Limited	44	22/03/2011	9242676	PRC
<b>ONE ISLAND EAST</b>	Swire Properties Limited	45	22/03/2011	9242695	PRC
<b>THREE ISLAND EAST</b>	Swire Properties Limited	6	22/03/2011	9242645	PRC
<b>THREE ISLAND EAST</b>	Swire Properties Limited	16	22/03/2011	9242644	PRC
<b>THREE ISLAND EAST</b>	Swire Properties Limited	19	22/03/2011	9242643	PRC
<b>THREE ISLAND EAST</b>	Swire Properties Limited	25	22/03/2011	9242642	PRC

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<b>Trademark</b>	<b>Name of Applicant</b>	<b>Class</b>	<b>Application Date</b>	<b>Application Number</b>	<b>Place of Application</b>
<b>THREE ISLAND EAST</b>	Swire Properties Limited	35	22/03/2011	9242641	PRC
<b>THREE ISLAND EAST</b>	Swire Properties Limited	36	22/03/2011	9242640	PRC
<b>THREE ISLAND EAST</b>	Swire Properties Limited	39	22/03/2011	9242639	PRC
<b>THREE ISLAND EAST</b>	Swire Properties Limited	41	22/03/2011	9242638	PRC
<b>THREE ISLAND EAST</b>	Swire Properties Limited	42	22/03/2011	9242637	PRC
<b>THREE ISLAND EAST</b>	Swire Properties Limited	43	22/03/2011	9242636	PRC
<b>THREE ISLAND EAST</b>	Swire Properties Limited	44	22/03/2011	9242692	PRC
<b>THREE ISLAND EAST</b>	Swire Properties Limited	45	22/03/2011	9242691	PRC
<b>TWO ISLAND EAST</b>	Swire Properties Limited	6	22/03/2011	9242655	PRC
<b>TWO ISLAND EAST</b>	Swire Properties Limited	16	22/03/2011	9242654	PRC
<b>TWO ISLAND EAST</b>	Swire Properties Limited	19	22/03/2011	9242653	PRC
<b>TWO ISLAND EAST</b>	Swire Properties Limited	25	22/03/2011	9242652	PRC
<b>TWO ISLAND EAST</b>	Swire Properties Limited	35	22/03/2011	9242651	PRC
<b>TWO ISLAND EAST</b>	Swire Properties Limited	36	22/03/2011	9242650	PRC
<b>TWO ISLAND EAST</b>	Swire Properties Limited	39	22/03/2011	9242649	PRC
<b>TWO ISLAND EAST</b>	Swire Properties Limited	41	22/03/2011	9242648	PRC
<b>TWO ISLAND EAST</b>	Swire Properties Limited	42	22/03/2011	9242647	PRC

<b>Trademark</b>	<b>Name of Applicant</b>	<b>Class</b>	<b>Application Date</b>	<b>Application Number</b>	<b>Place of Application</b>
<b>TWO ISLAND EAST</b>	Swire Properties Limited	43	22/03/2011	9242646	PRC
<b>TWO ISLAND EAST</b>	Swire Properties Limited	44	22/03/2011	9242694	PRC
<b>TWO ISLAND EAST</b>	Swire Properties Limited	45	22/03/2011	9242693	PRC
<b>港岛东中心</b>	Swire Properties Limited	6	22/03/2011	9242635	PRC
<b>港岛东中心</b>	Swire Properties Limited	16	22/03/2011	9242634	PRC
<b>港岛东中心</b>	Swire Properties Limited	19	22/03/2011	9242633	PRC
<b>港岛东中心</b>	Swire Properties Limited	25	22/03/2011	9242632	PRC
<b>港岛东中心</b>	Swire Properties Limited	35	22/03/2011	9242631	PRC
<b>港岛东中心</b>	Swire Properties Limited	36	22/03/2011	9242630	PRC
<b>港岛东中心</b>	Swire Properties Limited	39	22/03/2011	9242629	PRC
<b>港岛东中心</b>	Swire Properties Limited	41	22/03/2011	9242628	PRC
<b>港岛东中心</b>	Swire Properties Limited	42	22/03/2011	9242627	PRC
<b>港岛东中心</b>	Swire Properties Limited	43	22/03/2011	9242626	PRC
<b>港岛东中心</b>	Swire Properties Limited	44	22/03/2011	9242690	PRC
<b>港岛东中心</b>	Swire Properties Limited	45	22/03/2011	9242689	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Beijing Linlian Real Estate Company Limited	36	27/01/2010	8028827	PRC
	Beijing Linlian Real Estate Company Limited	36	27/01/2010	8028885	PRC
	Beijing Linlian Real Estate Company Limited	3	28/01/2010	8032235	PRC
	Beijing Linlian Real Estate Company Limited	7	29/01/2010	8035800	PRC
	Beijing Linlian Real Estate Company Limited	9	29/01/2010	8036168	PRC
	Beijing Linlian Real Estate Company Limited	22	01/02/2010	8041325	PRC
	Beijing Linlian Real Estate Company Limited	23	01/02/2010	8041344	PRC
	Beijing Linlian Real Estate Company Limited	24	01/02/2010	8041362	PRC
	Beijing Linlian Real Estate Company Limited	26	01/02/2010	8041403	PRC
	Beijing Linlian Real Estate Company Limited	27	01/02/2010	8041431	PRC

*Domain Names*

As at the Latest Practicable Date, members of the Group have registered the following domain names:

<b>Registrant</b>	<b>Domain Name</b>	<b>Expiry Date</b>
Aldrich Bay Developments Limited	goodtome.com.hk	N/A
Aldrich Bay East Limited	butterfields.com.hk	N/A
Beijing Linlian Real Estate Company Limited	1indigo.cn	24/08/2012
Beijing Linlian Real Estate Company Limited	1indigo.com.cn	24/08/2012
Beijing Linlian Real Estate Company Limited	indigo1.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigo1.com.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigobeijing.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigobeijing.com	27/02/2012
Beijing Linlian Real Estate Company Limited	indigobeijing.com.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigobj.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigobj.com	27/02/2012
Beijing Linlian Real Estate Company Limited	indigobj.com.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigochina.com.cn	07/08/2012
Beijing Linlian Real Estate Company Limited	indigocn.cn	04/03/2012
Beijing Linlian Real Estate Company Limited	indigocn.com	27/02/2012

<b>Registrant</b>	<b>Domain Name</b>	<b>Expiry Date</b>
Beijing Linlian Real Estate Company Limited	indigocn.com.cn	04/03/2012
Beijing Linlian Real Estate Company Limited	indigomall.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigomall.com.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigooffice.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigooffice.com.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigoone.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigoone.com	13/06/2014
Beijing Linlian Real Estate Company Limited	indigoone.com.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigopark.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigopark.com.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigotower.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigotower.com.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigozone.cn	27/02/2012
Beijing Linlian Real Estate Company Limited	indigozone.com	10/08/2012
Beijing Linlian Real Estate Company Limited	indigozone.com.cn	27/02/2012

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Beijing Linlian Real Estate Company Limited	oneindigo.cn	24/08/2012
Beijing Linlian Real Estate Company Limited	oneindigo.com.cn	24/08/2012
Beijing Linlian Real Estate Company Limited	yidigang.cn	11/11/2013
Beijing Linlian Real Estate Company Limited	yidigang.com	11/11/2013
Beijing Linlian Real Estate Company Limited	yidigang.com.cn	11/11/2013
Beijing Linlian Real Estate Company Limited	将台项目.中国	30/06/2013
Beijing Linlian Real Estate Company Limited	颐堤港.中国	30/06/2013
Beijing Linlian Real Estate Company Limited	颐堤港1座.中国	30/06/2013
Beijing Linlian Real Estate Company Limited	颐堤港中国.中国	30/06/2013
Beijing Linlian Real Estate Company Limited	颐堤港公园.中国	30/06/2013
Beijing Linlian Real Estate Company Limited	颐堤港写字楼.中国	30/06/2013
Beijing Linlian Real Estate Company Limited	颐堤港办公楼.中国	30/06/2013
Beijing Linlian Real Estate Company Limited	颐堤港北京.中国	30/06/2013
Beijing Linlian Real Estate Company Limited	颐堤港商场.中国	30/06/2013
Beijing Linlian Real Estate Company Limited	颐堤港壹座.中国	30/06/2013



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<b>Registrant</b>	<b>Domain Name</b>	<b>Expiry Date</b>
Beijing Linlian Real Estate Company Limited	颐堤港购物中心.中国	30/06/2013
Beijing Sanlitun South Property Management Company Limited	sanlitun	22/04/2014
Beijing Sanlitun South Property Management Company Limited	sanlitunvillage	22/04/2014
Beijing Sanlitun South Property Management Company Limited	sanvillage.com	04/03/2013
Beijing Sanlitun South Property Management Company Limited	sanvillage.com.cn	20/03/2013
Beijing Sanlitun South Property Management Company Limited	slt	22/04/2014
Beijing Sanlitun South Property Management Company Limited	sltvillage.com	04/03/2013
Beijing Sanlitun South Property Management Company Limited	sltvillage.com.cn	20/03/2013
Beijing Sanlitun South Property Management Company Limited	thevillage.com.cn	28/05/2013
Beijing Sanlitun South Property Management Company Limited	thevillageatsanlitun.com.cn	21/08/2014
Beijing Sanlitun South Property Management Company Limited	village	22/04/2014
Beijing Sanlitun South Property Management Company Limited	villagebeijing	22/04/2014
Beijing Sanlitun South Property Management Company Limited	village北京	22/04/2014
Beijing Sanlitun South Property Management Company Limited	三里屯村	22/04/2014
Beijing Sanlitun South Property Management Company Limited	人文风尚汇	22/04/2014

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Beijing Sanlitun South Property Management Company Limited	北京购物中心	22/04/2014
Beijing Sanlitun South Property Management Company Limited	橙色大厅	22/04/2014
Braemar West Limited	theorchards.com.hk	01/11/2012
Cathay Limited	oxfordhouse.com.hk	N/A
Cityplaza Holdings Limited	icepalace.com.hk	05/01/2013
Cityplaza Holdings Limited	太古城中心冰上皇宮.公司.hk	10/02/2014
Consolidated Properties And Stores Limited	taikooplace.com.hk	N/A
Coventry Estates Limited	cityplaza.com.hk	05/01/2013
Coventry Estates Limited	太古城中心.公司.hk	10/02/2014
Harbour Heights (Management) Limited	cityplaza1.com.hk	N/A
Lei King Wan (Management) Limited	onepacificplace.com.hk	N/A
Lowther Investments Limited	oceanshores.com.hk	01/10/2012
New Light Hotels Limited	aliasbarcelona.com	14/03/2012
New Light Hotels Limited	aliashotels.co.uk	17/06/2013
New Light Hotels Limited	aliashotels.com	22/12/2011
New Light Hotels Limited	aliaskandinsky.com	14/03/2012
New Light Hotels Limited	aliasseattle.com	14/03/2012
New Light Hotels Limited	avon-gorge-hotel.co.uk	30/08/2013
New Light Hotels Limited	avon-gorge-hotel.com	31/08/2012
New Light Hotels Limited	avon-gorge-hotel-bristol.com	24/08/2012
New Light Hotels Limited	avongorge-hotel-bristol.com	22/03/2021
New Light Hotels Limited	barcelonahotelexeter.co.uk	08/10/2012

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
New Light Hotels Limited	chapterhotel.co.uk	04/08/2013
New Light Hotels Limited	chapterhotel.com	04/08/2013
New Light Hotels Limited	chapterhotels.co.uk	04/08/2013
New Light Hotels Limited	chapterhotels.com	04/08/2021
New Light Hotels Limited	hotelbarcelonaexeter.co.uk	08/10/2012
New Light Hotels Limited	hotelbarcelona-uk.com	22/12/2011
New Light Hotels Limited	hotelkandinsky.co.uk	17/06/2013
New Light Hotels Limited	hotelkandinsky.com	22/12/2011
New Light Hotels Limited	hotelseattle.co.uk	24/08/2013
New Light Hotels Limited	hotelseattlebrighton.com	25/06/2021
New Light Hotels Limited	kandinskyhotel.co.uk	09/09/2012
New Light Hotels Limited	kandinskyhotel.com	09/09/2012
New Light Hotels Limited	magdalenchapterhotel.co.uk	08/09/2013
New Light Hotels Limited	magdalenchapterhotel.com	09/09/2012
New Light Hotels Limited	montpellierchapterhotel.co.uk	08/09/2013
New Light Hotels Limited	montpellierchapterhotel.com	09/09/2012
New Light Hotels Limited	newlighthotels.co.uk	23/08/2013
New Light Hotels Limited	newlighthotels.com	24/08/2013
New Light Hotels Limited	newlighthotelsltd.co.uk	23/08/2013
New Light Hotels Limited	newlighthotelsltd.com	24/08/2013
New Light Hotels Limited	wirehotel.co.uk	29/09/2012
New Light Hotels Limited	wirehotels.co.uk	10/12/2011
New Light Hotels Limited	theavongorge.co.uk	31/08/2013

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<b>Registrant</b>	<b>Domain Name</b>	<b>Expiry Date</b>
New Light Hotels Limited	theavongorge.com	31/08/2020
New Light Hotels Limited	theavongorgehotel.co.uk	08/08/2013
New Light Hotels Limited	themagdalenhotel.co.uk	27/07/2013
New Light Hotels Limited	themagdalenhotel.com	27/07/2013
New Light Hotels Limited	themagdelenchapter.co.uk	08/12/2012
New Light Hotels Limited	themagdelenchapter.com	08/12/2011
New Light Hotels Limited	themontpellierchaptermenu.co.uk	08/12/2012
New Light Hotels Limited	themontpellierchaptermenu.com	08/12/2011
Pacific Place Holdings Limited	pacificplace.com.hk	N/A
Park Vale (Management) Limited	twopacificplace.com.hk	N/A
Quarry Bay Developments Limited	warwickhouse.com.hk	N/A
Redhill Properties Limited	citygate.com.hk	N/A
Robinson Place (Management) Limited	cityplaza2.com.hk	N/A
StarCrest (Management) Limited	cityplaza3.com.hk	18/12/2013
StarCrest (Management) Limited	cityplaza3.hk	14/05/2014
StarCrest (Management) Limited	太古城中心三座.hk	10/02/2014
StarCrest (Management) Limited	太古城中心三座.公司.hk	10/02/2014
Swire and Island Communication Developments Limited	islandplace.com.hk	N/A
Swire Homes Management Limited	the-orchards.com.hk	29/11/2012
Swire Industrial Estates Limited	devonhouse.com.hk	N/A
Swire Organisation For Youth Arts Limited	soya.org.hk	04/08/2014
Swire Organisation For Youth Arts Limited	viva.org.hk	04/08/2014

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<b>Registrant</b>	<b>Domain Name</b>	<b>Expiry Date</b>
Swire Organisation For Youth Arts Limited	vivavivace.org.hk	04/08/2014
Swire Pacific Limited	swireehs.com	20/09/2015
Swire Properties (China) Investment Company Limited	10thavenue.cn	17/03/2014
Swire Properties (China) Investment Company Limited	10thavenue.com.cn	17/03/2014
Swire Properties (China) Investment Company Limited	28hennessy.cn	04/11/2013
Swire Properties (China) Investment Company Limited	28hennessyroad.cn	04/11/2013
Swire Properties (China) Investment Company Limited	8queensroadeast.cn	04/11/2013
Swire Properties (China) Investment Company Limited	citygate.cn	24/03/2014
Swire Properties (China) Investment Company Limited	cityplaza.cn	24/03/2014
Swire Properties (China) Investment Company Limited	east-beijing.cn	09/08/2020
Swire Properties (China) Investment Company Limited	eightqueenroadeast.cn	04/11/2013
Swire Properties (China) Investment Company Limited	hennessy28.cn	04/11/2013
Swire Properties (China) Investment Company Limited	hennessyroad28.cn	04/11/2013
Swire Properties (China) Investment Company Limited	islandeast.cn	24/03/2014
Swire Properties (China) Investment Company Limited	islandplace.cn	24/03/2014
Swire Properties (China) Investment Company Limited	onepacificplace.cn	24/03/2014

<b>Registrant</b>	<b>Domain Name</b>	<b>Expiry Date</b>
Swire Properties (China) Investment Company Limited	queensroadeast8.cn	04/11/2013
Swire Properties (China) Investment Company Limited	starstreet.cn	10/01/2012
Swire Properties (China) Investment Company Limited	starstreet.net.cn	10/01/2012
Swire Properties (China) Investment Company Limited	starstreet.org.cn	10/01/2012
Swire Properties (China) Investment Company Limited	swireprop.cn	24/03/2014
Swire Properties (China) Investment Company Limited	swireproperties.cn	24/03/2014
Swire Properties (China) Investment Company Limited	swireproperties.com.cn	09/11/2015
Swire Properties (China) Investment Company Limited	swireproperties.gd.cn	09/11/2015
Swire Properties (China) Investment Company Limited	swireproperties.gz.cn	09/11/2015
Swire Properties (China) Investment Company Limited	swireproperties.net.cn	27/12/2012
Swire Properties (China) Investment Company Limited	swireproperties.org.cn	27/12/2012
Swire Properties (China) Investment Company Limited	swirepropertieschina.com.cn	15/05/2012
Swire Properties (China) Investment Company Limited	swireproperty.cn	24/03/2014
Swire Properties (China) Investment Company Limited	swireprops.cn	24/03/2014
Swire Properties (China) Investment Company Limited	taigudichan.com.cn	15/05/2012

<b>Registrant</b>	<b>Domain Name</b>	<b>Expiry Date</b>
Swire Properties (China) Investment Company Limited	taikoochina.com.cn	15/05/2012
Swire Properties (China) Investment Company Limited	taikoohui.cn	24/03/2014
Swire Properties (China) Investment Company Limited	taikooplace.cn	24/03/2014
Swire Properties (China) Investment Company Limited	taikooshing.cn	24/03/2014
Swire Properties (China) Investment Company Limited	taikootsng.cn	24/03/2014
Swire Properties (China) Investment Company Limited	threepacificplace.cn	24/03/2014
Swire Properties (China) Investment Company Limited	twopacificplace.cn	24/03/2014
Swire Properties (China) Investment Company Limited	太古地產.中國	28/07/2012
Swire Properties (China) Investment Company Limited	太古地产.公司	17/06/2012
Swire Properties (China) Investment Company Limited	星域軒.中國	14/02/2012
Swire Properties (China) Investment Company Limited	星域軒.公司	14/02/2012
Swire Properties (China) Investment Company Limited	瑋然.公司	14/07/2014
Swire Properties (China) Investment Company Limited	雅賓利.中國	05/02/2012
Swire Properties (China) Investment Company Limited	雅賓利.公司	05/02/2012
Swire Properties (China) Investment Company Limited	雍景台.中國	14/02/2012

**APPENDIX VIII****STATUTORY AND GENERAL INFORMATION**

<b>Registrant</b>	<b>Domain Name</b>	<b>Expiry Date</b>
Swire Properties (China) Investment Company Limited	雍景台.公司	14/02/2012
Swire Properties (Finance) Limited	swireprop.com.hk	N/A
Swire Properties Inc	asiabrickellkey.com	10/08/2012
Swire Properties Inc	asiamiamicondo.com	10/08/2012
Swire Properties Inc	brickellciti.com	18/02/2012
Swire Properties Inc	brickellkey.com	18/06/2012
Swire Properties Inc	carbonellbrickellkey.com	21/08/2012
Swire Properties Inc	courtsbrickellkey.com	05/03/2012
Swire Properties Inc	wiremiami.com	19/01/2012
Swire Properties Inc	swireproperties.us	12/02/2015
Swire Properties Inc	swireprops.com	18/06/2012
Swire Properties Inc	swirepropsmiami.com	19/01/2012
Swire Properties Inc	wirerealty.com	10/02/2015
Swire Properties Inc	tequestapoint.com	21/12/2011
Swire Properties Inc	thecarbonell.com	21/08/2012
Swire Properties Inc	threetequestapoint.com	18/06/2012
Swire Properties Investments Limited	spl.com.hk	N/A
Swire Properties Limited	10thavenue.com.hk	07/04/2014
Swire Properties Limited	10thavenue.hk	07/04/2014
Swire Properties Limited	10thavenuecg.com	17/03/2014
Swire Properties Limited	10thavenuecg.com.hk	07/04/2014
Swire Properties Limited	1islandeast.asia	25/03/2013
Swire Properties Limited	1islandeast.com	13/02/2012



<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	1islandeast.com.hk	25/02/2013
Swire Properties Limited	1islandeast.net	18/03/2014
Swire Properties Limited	26sevenroad.com	29/05/2013
Swire Properties Limited	28hennessy.asia	04/11/2013
Swire Properties Limited	28hennessy.com	11/03/2013
Swire Properties Limited	28hennessy.com.hk	29/10/2013
Swire Properties Limited	28hennessy.hk	26/10/2013
Swire Properties Limited	28hennessy.info	03/11/2013
Swire Properties Limited	28hennessy.net	03/11/2013
Swire Properties Limited	28hennessyroad.asia	04/11/2013
Swire Properties Limited	28hennessyroad.com	11/03/2013
Swire Properties Limited	28hennessyroad.com.hk	29/10/2013
Swire Properties Limited	28hennessyroad.hk	26/10/2013
Swire Properties Limited	28hennessyroad.info	03/11/2013
Swire Properties Limited	28hennessyroad.net	03/11/2013
Swire Properties Limited	3-5starstreet.com	09/10/2012
Swire Properties Limited	3-5starstreet.com.hk	21/10/2012
Swire Properties Limited	36islandroad.com	29/05/2013
Swire Properties Limited	5starstreet.com	09/10/2012
Swire Properties Limited	5-starstreet.com	09/10/2012
Swire Properties Limited	5starstreet.com.hk	21/10/2012
Swire Properties Limited	5-starstreet.com.hk	30/10/2012
Swire Properties Limited	625kingsroad.com	12/03/2012

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	8qre.com	04/11/2013
Swire Properties Limited	8qre.com.hk	29/10/2013
Swire Properties Limited	8queensroadeast.asia	04/11/2013
Swire Properties Limited	8queensroadeast.com	03/11/2013
Swire Properties Limited	8queensroadeast.com.hk	29/10/2013
Swire Properties Limited	8queensroadeast.hk	26/10/2013
Swire Properties Limited	8queensroadeast.info	03/11/2013
Swire Properties Limited	8queensroadeast.net	03/11/2013
Swire Properties Limited	argenta.com.hk	21/07/2014
Swire Properties Limited	artistree.asia	25/03/2013
Swire Properties Limited	artistree.com.hk	10/11/2012
Swire Properties Limited	artistree.hk	07/11/2012
Swire Properties Limited	azura.com.hk	15/09/2013
Swire Properties Limited	azura.hk	09/09/2013
Swire Properties Limited	barpunk.com	10/03/2014
Swire Properties Limited	beirestaurant.com	10/03/2014
Swire Properties Limited	butterfields.hk	03/04/2013
Swire Properties Limited	cafegrayhk.com	07/01/2012
Swire Properties Limited	cafegrayhongkong.com	07/01/2012
Swire Properties Limited	cambridgehouse.hk	10/06/2014
Swire Properties Limited	cambridgehse.com	04/09/2012
Swire Properties Limited	cambridgehse.hk	10/06/2014
Swire Properties Limited	cdqianhao.com	14/04/2014

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	cdtgl.com	28/11/2014
Swire Properties Limited	cdtkl.com	28/11/2014
Swire Properties Limited	chengdutaiguli.com	28/11/2014
Swire Properties Limited	chengdutaikoolanes.com	28/11/2014
Swire Properties Limited	citygateoffice.com	17/03/2014
Swire Properties Limited	citygateoutlet.asia	25/03/2013
Swire Properties Limited	citygateoutlet.com	12/05/2014
Swire Properties Limited	citygateoutlet.com.hk	21/05/2014
Swire Properties Limited	citygateoutlets.asia	25/03/2013
Swire Properties Limited	citygateoutlets.com	12/05/2014
Swire Properties Limited	citygateoutlets.com.hk	21/05/2018
Swire Properties Limited	citygateoutlets.hk	15/09/2012
Swire Properties Limited	cityplaza.asia	25/03/2013
Swire Properties Limited	cityplaza.com	21/12/2019
Swire Properties Limited	cityplaza.hk	04/02/2012
Swire Properties Limited	cityplaza1.com	29/05/2014
Swire Properties Limited	cityplaza1.hk	10/06/2014
Swire Properties Limited	cityplaza2.com	29/05/2014
Swire Properties Limited	cityplaza2.hk	10/06/2014
Swire Properties Limited	cityplaza3.com	20/04/2013
Swire Properties Limited	cityplaza4.com	20/04/2013
Swire Properties Limited	cityplaza4.hk	10/06/2014
Swire Properties Limited	cityplazafour.com	18/03/2014

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	cityplazafour.com.hk	05/02/2012
Swire Properties Limited	cityplazafour.hk	10/06/2014
Swire Properties Limited	cityplazahotel.hk	04/11/2013
Swire Properties Limited	cityplazaone.com	29/05/2014
Swire Properties Limited	cityplazaone.com.hk	05/02/2012
Swire Properties Limited	cityplazaone.hk	10/06/2014
Swire Properties Limited	cityplazathree.com	18/03/2014
Swire Properties Limited	cityplazathree.com.hk	05/02/2012
Swire Properties Limited	cityplazathree.hk	10/06/2014
Swire Properties Limited	cityplazatwo.com	29/05/2014
Swire Properties Limited	cityplazatwo.com.hk	05/02/2012
Swire Properties Limited	cityplazatwo.hk	10/06/2014
Swire Properties Limited	colibricupcakes.com	09/06/2013
Swire Properties Limited	cornwallhouse.com	15/05/2014
Swire Properties Limited	cornwallhouse.hk	10/06/2014
Swire Properties Limited	cornwallhse.hk	10/06/2014
Swire Properties Limited	culturalharbor.com	26/07/2013
Swire Properties Limited	culturalharbor.com.hk	07/08/2013
Swire Properties Limited	culturalharbor.hk	29/07/2013
Swire Properties Limited	culturalharbour.com	26/07/2013
Swire Properties Limited	culturalharbour.com.hk	07/08/2013
Swire Properties Limited	culturalharbour.hk	29/07/2013
Swire Properties Limited	devonhouse.hk	10/06/2014

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	devonhse.com	04/09/2012
Swire Properties Limited	devonhse.hk	10/06/2014
Swire Properties Limited	dorsethouse.hk	10/06/2014
Swire Properties Limited	dorsethse.com	04/09/2012
Swire Properties Limited	dorsethse.hk	10/06/2014
Swire Properties Limited	east-beijing.com	21/10/2020
Swire Properties Limited	easthongkong.com	12/06/2014
Swire Properties Limited	east-hongkong.com	21/10/2020
Swire Properties Limited	easthotelbeijing.com	24/03/2012
Swire Properties Limited	easthotelhongkong.com	24/03/2012
Swire Properties Limited	east-hotels.com	21/10/2012
Swire Properties Limited	easthotels.com.hk	24/06/2014
Swire Properties Limited	east-feastaway.com	22/08/2021
Swire Properties Limited	east-miami.com	16/06/2021
Swire Properties Limited	eightqueenroadeast.asia	04/11/2013
Swire Properties Limited	eightqueenroadeast.com	03/11/2013
Swire Properties Limited	eightqueenroadeast.com.hk	29/10/2013
Swire Properties Limited	eightqueenroadeast.hk	26/10/2013
Swire Properties Limited	eightqueenroadeast.info	03/11/2013
Swire Properties Limited	eightqueenroadeast.net	03/11/2013
Swire Properties Limited	fivestarstreet.com	09/10/2012
Swire Properties Limited	fivestarstreet.com.hk	21/10/2012
Swire Properties Limited	good2me.com	06/01/2013
Swire Properties Limited	good2me.net	18/09/2013
Swire Properties Limited	goodtome.com	16/06/2014

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	goodtome.net	16/06/2014
Swire Properties Limited	goodtome.org	16/06/2014
Swire Properties Limited	hennessy28.asia	04/11/2013
Swire Properties Limited	hennessy28.com	03/11/2013
Swire Properties Limited	hennessy28.com.hk	29/10/2013
Swire Properties Limited	hennessy28.hk	26/10/2013
Swire Properties Limited	hennessy28.info	03/11/2013
Swire Properties Limited	hennessy28.net	03/11/2013
Swire Properties Limited	hennessyroad28.asia	04/11/2013
Swire Properties Limited	hennessyroad28.com	03/11/2013
Swire Properties Limited	hennessyroad28.com.hk	29/10/2013
Swire Properties Limited	hennessyroad28.hk	26/10/2013
Swire Properties Limited	hennessyroad28.info	03/11/2013
Swire Properties Limited	hennessyroad28.net	03/11/2013
Swire Properties Limited	hkculturalharbor.com	26/07/2013
Swire Properties Limited	hkculturalharbor.com.hk	07/08/2013
Swire Properties Limited	hkculturalharbor.hk	29/07/2013
Swire Properties Limited	hkculturalharbour.com	26/07/2013
Swire Properties Limited	hkculturalharbour.com.hk	07/08/2013
Swire Properties Limited	hkculturalharbour.hk	29/07/2013
Swire Properties Limited	hongkongculturalharbor.com	29/07/2013
Swire Properties Limited	hongkongculturalharbor.com.hk	07/08/2013
Swire Properties Limited	hongkongculturalharbor.hk	29/07/2013
Swire Properties Limited	hongkongculturalharbour.com	29/07/2013
Swire Properties Limited	hongkongculturalharbour.com.hk	07/08/2013
Swire Properties Limited	hongkongculturalharbour.hk	29/07/2013
Swire Properties Limited	hoteleast.hk	04/11/2013
Swire Properties Limited	hotelsanlitun.asia	25/03/2013
Swire Properties Limited	icepalace.hk	10/06/2014
Swire Properties Limited	ie-matrix.hk	10/06/2014

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	indigomall.com	02/12/2012
Swire Properties Limited	islandeast.asia	25/03/2013
Swire Properties Limited	islandeast.com	16/04/2014
Swire Properties Limited	islandeast.hk	10/06/2014
Swire Properties Limited	islandeast.info	06/08/2013
Swire Properties Limited	islandeast.net	05/08/2013
Swire Properties Limited	islandeasthotel.com	27/10/2012
Swire Properties Limited	islandheights.com.hk	13/01/2013
Swire Properties Limited	islandheights.hk	14/01/2013
Swire Properties Limited	islandlodge.com.hk	14/06/2013
Swire Properties Limited	islandlodge.hk	12/06/2013
Swire Properties Limited	islandplace.hk	10/06/2014
Swire Properties Limited	lessaisons.com	20/03/2012
Swire Properties Limited	lincolnhouse.com	15/05/2014
Swire Properties Limited	lincolnhouse.hk	10/06/2014
Swire Properties Limited	lincolnhse.hk	10/06/2014
Swire Properties Limited	mail-swireproperties.com	14/11/2012
Swire Properties Limited	molobeijing.com	16/06/2014
Swire Properties Limited	molo-beijing.com	16/06/2021
Swire Properties Limited	newsanlitun.asia	25/03/2014
Swire Properties Limited	onecitygate.asia	25/03/2013
Swire Properties Limited	onecitygate.com	25/02/2014
Swire Properties Limited	onecitygate.com.hk	11/06/2012
Swire Properties Limited	oneislandeast.asia	25/03/2013
Swire Properties Limited	oneislandeast.com	13/02/2012
Swire Properties Limited	oneislandeast.com.hk	25/02/2013
Swire Properties Limited	oneislandeast.net	18/03/2014
Swire Properties Limited	onepacificplace.asia	25/03/2013

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	onepacificplace.hk	10/06/2014
Swire Properties Limited	oxfordhouse.hk	10/06/2014
Swire Properties Limited	oxfordhse.com	04/09/2012
Swire Properties Limited	oxfordhse.hk	10/06/2014
Swire Properties Limited	pacificplace.asia	25/03/2013
Swire Properties Limited	pacificplace.hk	16/09/2014
Swire Properties Limited	pacificplaceapartments.com.hk	01/08/2014
Swire Properties Limited	pacificplaceapartments.hk	30/07/2014
Swire Properties Limited	pacificplaceconferencecentre.asia	25/03/2013
Swire Properties Limited	pacificplaceoffices.com.hk	01/08/2014
Swire Properties Limited	pacificplaceoffices.hk	30/07/2014
Swire Properties Limited	parkside.asia	25/03/2013
Swire Properties Limited	ppapartments.com.hk	01/08/2014
Swire Properties Limited	ppapartments.hk	30/07/2014
Swire Properties Limited	ppfallwinter.com	04/08/2012
Swire Properties Limited	ppmall.com.hk	01/08/2014
Swire Properties Limited	ppmall.hk	30/07/2014
Swire Properties Limited	ppoffices.com.hk	01/08/2014
Swire Properties Limited	ppoffices.hk	30/07/2014
Swire Properties Limited	ppspringsummner.com	17/03/2012
Swire Properties Limited	ppxmas2011.com	12/10/2012
Swire Properties Limited	qre8.com.hk	29/10/2013
Swire Properties Limited	queensroadeast8.asia	04/11/2013
Swire Properties Limited	queensroadeast8.com	03/11/2013
Swire Properties Limited	queensroadeast8.com.hk	29/10/2013



<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	queensroadeast8.hk	26/10/2013
Swire Properties Limited	queensroadeast8.info	03/11/2013
Swire Properties Limited	queensroadeast8.net	03/11/2013
Swire Properties Limited	rockybank.com	29/05/2013
Swire Properties Limited	sanlitun.asia	25/03/2014
Swire Properties Limited	sanlituncrossing.com	26/02/2014
Swire Properties Limited	sanlitunhotel.asia	25/03/2013
Swire Properties Limited	sanlitunplace.com	26/02/2014
Swire Properties Limited	sanlitunpoint.com	26/02/2014
Swire Properties Limited	sanlitunprecinct.asia	25/03/2014
Swire Properties Limited	sanlituntaiguli.com	28/11/2011
Swire Properties Limited	sanlituntaikoolanes.com	28/11/2014
Swire Properties Limited	sanlitunvillage.asia	25/03/2014
Swire Properties Limited	sanlitunvillage.com	24/07/2020
Swire Properties Limited	slttgl.com	28/11/2014
Swire Properties Limited	slttkl.com	28/11/2014
Swire Properties Limited	sltvillage.asia	25/03/2014
Swire Properties Limited	somersetthouse.hk	10/06/2014
Swire Properties Limited	somersetse.com	04/09/2012
Swire Properties Limited	somersetse.hk	10/06/2014
Swire Properties Limited	spl.hk	10/06/2014
Swire Properties Limited	splchina.com.hk	01/06/2012
Swire Properties Limited	splcnprojects.com	04/11/2012
Swire Properties Limited	splprojects.com	08/04/2012
Swire Properties Limited	ssmelody.com	06/06/2014

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	starstreet.asia	28/03/2013
Swire Properties Limited	starstreet.com.hk	11/11/2012
Swire Properties Limited	starstreet.com.tw	10/01/2012
Swire Properties Limited	starstreet.hk	19/01/2012
Swire Properties Limited	starstreet.tw	10/01/2012
Swire Properties Limited	sugar-hongkong.com	12/10/2019
Swire Properties Limited	sunshinemelody.com	06/06/2014
Swire Properties Limited	surenorestaurant.com	10/03/2014
Swire Properties Limited	wirehome.asia	28/03/2013
Swire Properties Limited	wirehome.com	18/06/2012
Swire Properties Limited	wirehome.com.hk	24/06/2012
Swire Properties Limited	wirehome.hk	14/05/2014
Swire Properties Limited	wirehomes.asia	28/03/2013
Swire Properties Limited	wirehomes.com	18/06/2012
Swire Properties Limited	wirehomes.com.hk	24/06/2012
Swire Properties Limited	wirehomes.hk	14/05/2014
Swire Properties Limited	wirehotel.com	27/10/2012
Swire Properties Limited	wirehotelgroup.com	11/12/2013
Swire Properties Limited	wirehotels.com	27/10/2012
Swire Properties Limited	wirehotels.hk	04/11/2013
Swire Properties Limited	wirehotelscollection.com	11/12/2013
Swire Properties Limited	wirehotelsgroup.com	10/12/2013
Swire Properties Limited	wirehotelsrecruitment.com	09/04/2012
Swire Properties Limited	wireislandeast.asia	25/03/2013
Swire Properties Limited	wirematrix.com	04/09/2012

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	swirematrix.com.hk	05/02/2012
Swire Properties Limited	swirematrix.hk	10/06/2014
Swire Properties Limited	swireoffice.asia	25/03/2013
Swire Properties Limited	swireoffice.com	02/10/2014
Swire Properties Limited	swireoffice.com.hk	11/10/2013
Swire Properties Limited	swireoffice.hk	14/05/2014
Swire Properties Limited	swireoffices.asia	25/03/2013
Swire Properties Limited	swireoffices.com	02/10/2014
Swire Properties Limited	swireoffices.com.hk	11/10/2013
Swire Properties Limited	swireoffices.hk	14/05/2014
Swire Properties Limited	swireprop.com	18/01/2012
Swire Properties Limited	swireprop.hk	10/06/2014
Swire Properties Limited	swireprop.net	20/03/2014
Swire Properties Limited	swireproperties.asia	25/03/2013
Swire Properties Limited	swireproperties.com	17/06/2013
Swire Properties Limited	swireproperties.com.vn	31/08/2013
Swire Properties Limited	swireproperties.eu	11/04/2012
Swire Properties Limited	swireproperties.vn	31/08/2013
Swire Properties Limited	swirepropertieschina.com	14/05/2012
Swire Properties Limited	swirepropertieschina.com.hk	01/06/2012
Swire Properties Limited	swireproperty.com.hk	16/11/2011
Swire Properties Limited	swireproperty.hk	03/07/2013
Swire Properties Limited	swireprops.com.hk	01/10/2012
Swire Properties Limited	swireprops.hk	14/05/2014
Swire Properties Limited	swireprops.net	20/03/2014

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	swirereit.com	21/09/2013
Swire Properties Limited	swire-reit.com	23/10/2013
Swire Properties Limited	taigudichan.com	14/05/2012
Swire Properties Limited	taiguli.com	28/11/2014
Swire Properties Limited	taikoochina.com	14/05/2012
Swire Properties Limited	taikooahui.asia	25/03/2013
Swire Properties Limited	taikooahui.com	25/08/2012
Swire Properties Limited	taikoolane.com	28/11/2014
Swire Properties Limited	taikoolanes.com	28/11/2014
Swire Properties Limited	taikooplace.asia	25/03/2013
Swire Properties Limited	taikooplace.com	12/03/2012
Swire Properties Limited	taikooplace.hk	10/06/2014
Swire Properties Limited	taikooplace.info	06/08/2013
Swire Properties Limited	taikooplace.net	05/08/2013
Swire Properties Limited	taikooshing.asia	25/03/2013
Swire Properties Limited	taikooshing.com	26/03/2012
Swire Properties Limited	taikooshing.net	20/03/2014
Swire Properties Limited	theoppositehouse.com	10/12/2019
Swire Properties Limited	thesanlitun.com	26/02/2014
Swire Properties Limited	theupperhouse.com.hk	11/09/2014
Swire Properties Limited	theupperhousehk.com	30/07/2014
Swire Properties Limited	theupperhousehongkong.com	30/07/2014
Swire Properties Limited	theupperhousehotel.com	30/07/2014
Swire Properties Limited	thevillageatsanlitun.asia	25/03/2014
Swire Properties Limited	thevillageatsanlitun.com	22/08/2014

<b>Registrant</b>	<b>Domain Name</b>	<b>Expiry Date</b>
Swire Properties Limited	thevillage-at-slt.asia	28/03/2014
Swire Properties Limited	thevillage-at-slt.com	28/05/2014
Swire Properties Limited	thevillageat三里屯.com	21/08/2014
Swire Properties Limited	thevillage-beijing.asia	28/03/2014
Swire Properties Limited	thevillage-beijing.com	28/05/2014
Swire Properties Limited	threepacificplace.asia	28/03/2013
Swire Properties Limited	threepacificplace.com	04/06/2012
Swire Properties Limited	threepacificplace.hk	14/05/2014
Swire Properties Limited	tjstop.com	18/01/2014
Swire Properties Limited	twopacificplace.asia	28/03/2013
Swire Properties Limited	twopacificplace.hk	10/06/2014
Swire Properties Limited	upperhouse.asia	08/07/2013
Swire Properties Limited	upperhouse.com	28/05/2012
Swire Properties Limited	vivavivace.org	16/07/2014
Swire Properties Limited	warwickhouse.hk	10/06/2014
Swire Properties Limited	warwickhse.com	04/09/2012
Swire Properties Limited	warwickhse.hk	10/06/2014
Swire Properties Limited	youbemuchbetterhere.com	04/07/2014
Swire Properties Limited	三里屯新目光.com	28/03/2013
Swire Properties Limited	冰上新視野.com	04/02/2012
Swire Properties Limited	冰上新視野.hk	07/03/2014
Swire Properties Limited	冰上新視野.公司.hk	07/03/2014
Swire Properties Limited	匯圃.com	04/02/2012
Swire Properties Limited	匯圃.hk	07/03/2014
Swire Properties Limited	匯圃.公司.hk	07/03/2014

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	叁里屯新目光.com	28/03/2013
Swire Properties Limited	和域大厦.com	13/02/2012
Swire Properties Limited	和域大厦.hk	10/02/2014
Swire Properties Limited	和域大厦.公司.hk	07/03/2014
Swire Properties Limited	多盛大厦.com	13/02/2012
Swire Properties Limited	多盛大厦.HK	10/02/2014
Swire Properties Limited	多盛大厦.公司.hk	07/03/2014
Swire Properties Limited	太古匯.com	31/07/2012
Swire Properties Limited	太古地产.net	31/01/2018
Swire Properties Limited	太古地產.com	10/12/2019
Swire Properties Limited	太古坊.com	13/02/2012
Swire Properties Limited	太古坊.hk	10/02/2014
Swire Properties Limited	太古坊.公司.hk	07/03/2014
Swire Properties Limited	太古城中心.hk	07/03/2014
Swire Properties Limited	太古城中心一座.com	13/02/2012
Swire Properties Limited	太古城中心一座.hk	10/02/2014
Swire Properties Limited	太古城中心一座.公司.hk	07/03/2014
Swire Properties Limited	太古城中心三座.com	13/02/2012
Swire Properties Limited	太古城中心冰上皇宮.com	13/02/2012
Swire Properties Limited	太古城中心冰上皇宮.hk	10/02/2014
Swire Properties Limited	太古城中心四座.com	13/02/2012
Swire Properties Limited	太古城中心四座.hk	10/02/2014
Swire Properties Limited	太古城中心四座.公司.hk	07/03/2014
Swire Properties Limited	太古城港岛东.com	13/02/2012
Swire Properties Limited	太古城港島東.hk	07/03/2014

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	太古城港島東.公司.hk	07/03/2014
Swire Properties Limited	太古广场.net	31/01/2018
Swire Properties Limited	太古廣場.com	11/12/2019
Swire Properties Limited	太古广场.中国	31/01/2018
Swire Properties Limited	太古广场.公司	31/01/2018
Swire Properties Limited	太古港島東.com	13/02/2012
Swire Properties Limited	太古港島東.hk	07/03/2014
Swire Properties Limited	太古港島東.公司.hk	07/03/2014
Swire Properties Limited	常盛大廈.com	13/02/2012
Swire Properties Limited	常盛大廈.hk	10/02/2014
Swire Properties Limited	常盛大廈.公司.hk	07/03/2014
Swire Properties Limited	康和大廈.com	13/02/2012
Swire Properties Limited	康和大廈.hk	10/02/2014
Swire Properties Limited	康和大廈.公司.hk	07/03/2014
Swire Properties Limited	康橋大廈.com	13/02/2012
Swire Properties Limited	康橋大廈.hk	10/02/2014
Swire Properties Limited	康橋大廈.公司.hk	07/03/2014
Swire Properties Limited	德宏大廈.com	13/02/2012
Swire Properties Limited	德宏大廈.hk	10/02/2014
Swire Properties Limited	德宏大廈.公司.hk	07/03/2014
Swire Properties Limited	拾圍.com	04/02/2012
Swire Properties Limited	拾圍.hk	07/03/2014
Swire Properties Limited	拾圍.公司.hk	07/03/2014
Swire Properties Limited	新目光.com	28/03/2013
Swire Properties Limited	星域軒.com	13/02/2012

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	星街5號.com	12/10/2012
Swire Properties Limited	星街5號.hk	20/10/2012
Swire Properties Limited	林肯大廈.com	13/02/2012
Swire Properties Limited	林肯大廈.hk	10/02/2014
Swire Properties Limited	林肯大廈.公司.hk	07/03/2014
Swire Properties Limited	港島東.com	13/02/2012
Swire Properties Limited	港島東中心.com	13/02/2012
Swire Properties Limited	港島東矩陣.com	04/02/2012
Swire Properties Limited	港島東.hk	10/02/2014
Swire Properties Limited	港島東中心.hk	07/03/2014
Swire Properties Limited	港島東中心.公司.hk	07/03/2014
Swire Properties Limited	港島東矩陣.hk	07/03/2014
Swire Properties Limited	港島東矩陣.公司.hk	07/03/2014
Swire Properties Limited	港濤軒.com	05/07/2013
Swire Properties Limited	港濤軒.hk	12/06/2013
Swire Properties Limited	港運城.com	04/02/2012
Swire Properties Limited	港運城.hk	10/02/2014
Swire Properties Limited	港運城.公司.hk	07/03/2014
Swire Properties Limited	港運大廈.com	04/02/2012
Swire Properties Limited	濠豐大廈.com	13/02/2012
Swire Properties Limited	濠豐大廈.hk	10/02/2014
Swire Properties Limited	濠豐大廈.公司.hk	07/03/2014
Swire Properties Limited	瑋然.公司.香港	21/07/2014
Swire Properties Limited	瑋然.香港	21/07/2014
Swire Properties Limited	瑜舍.com	18/11/2012



<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	瑜舍酒店.com	13/01/2013
Swire Properties Limited	皇后大道東8號.hk	26/10/2013
Swire Properties Limited	皇后大道東8號.公司.hk	29/10/2013
Swire Properties Limited	糖廠街.com	04/02/2012
Swire Properties Limited	糖廠街.hk	07/03/2014
Swire Properties Limited	糖廠街.公司.hk	07/03/2014
Swire Properties Limited	英皇道625號.com	04/02/2012
Swire Properties Limited	蔚然.com	30/08/2013
Swire Properties Limited	蔚然.hk	09/09/2013
Swire Properties Limited	蔚然.公司.hk	15/09/2013
Swire Properties Limited	藝林軒.com	04/02/2012
Swire Properties Limited	藝林軒.hk	07/03/2014
Swire Properties Limited	藝林軒.公司.hk	07/03/2014
Swire Properties Limited	藝術的味道.com	04/02/2012
Swire Properties Limited	藝術的味道.hk	07/03/2014
Swire Properties Limited	藝術的味道.公司.hk	07/03/2014
Swire Properties Limited	資訊亭.com	04/02/2012
Swire Properties Limited	資訊亭.hk	07/03/2014
Swire Properties Limited	資訊亭.公司.hk	07/03/2014
Swire Properties Limited	軒尼詩道28號.com	03/11/2013
Swire Properties Limited	軒尼詩道28號.hk	26/10/2013
Swire Properties Limited	軒尼詩道28號.公司.hk	01/11/2013
Swire Properties Limited	雅賓利.com	04/02/2012
Swire Properties Limited	雍景台.com	13/02/2012
Swire Properties Limited	電訊盈科中心.com	13/02/2012

<b>Registrant</b>	<b>Domain Name</b>	<b>Expiry Date</b>
Swire Properties Limited	電訊盈科中心.hk	07/03/2014
Swire Properties Limited	電訊盈科中心.公司.hk	07/03/2014
Swire Properties Limited	廣州太古匯	30/11/2019
Swire Properties Management Limited	cambridgehouse.net	29/05/2014
Swire Properties Management Limited	cp3bms.com.hk	29/08/2013
Swire Properties Management Limited	swireproperties.com.hk	05/03/2021
Swire Properties Management Limited	swireproperties.hk	14/05/2013
Swire Properties Management Limited	太古地產.hk	04/03/2013
Swire Properties Management Limited	太古雅宅.hk	04/03/2013
Swire Properties Real Estate Agency Limited	lincolnhouse.com.hk	N/A
Swire Properties Technical Services Limited	cityplaza4.com.hk	N/A
Swire Properties Services Limited	somersetthouse.com.hk	N/A
Swire Sirius (Stage III) Limited	dorsetthouse.com.hk	N/A
TaiKoo Hui (Guangzhou) Development Company Limited	taikoohui.com.cn	09/11/2015
TaiKoo Hui (Guangzhou) Development Company Limited	taikoohui.gd.cn	09/11/2015
TaiKoo Hui (Guangzhou) Development Company Limited	taikoohui.gz.cn	09/11/2015
TaiKoo Hui (Guangzhou) Development Company Limited	太古匯.公司	16/09/2012
TaiKoo Place Holdings Limited	islandeast.com.hk	05/01/2013
TaiKoo Place Holdings Limited	港島東.公司.hk	10/02/2014
Taikoo Properties (1973) Limited	good2me.com.hk	01/06/2012
Taikoo Shing (Management) Limited	taikooshing.com.hk	01/10/2013
Taikoo Shing (Management) Limited	taikooshing.hk	14/05/2014

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Taikoo Shing (Management) Limited	太古城.hk	10/02/2014
Taikoo Shing (Management) Limited	太古城.公司.hk	10/02/2014
The Floridian (Management) Limited	atrium.com.hk	N/A
Westlands Court (Management) Limited	cambridgehouse.com.hk	N/A
Westlands Estates Limited	cornwallhouse.com.hk	N/A

## C. FURTHER INFORMATION ABOUT THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 1. Directors' Service Contracts

Each Director of the Company has entered into a letter of appointment, which constitutes a service contract, with the Company for a term up to the next following annual general meeting at which they will retire, which will be renewed for a term of three years upon each election or re-election.

### 2. Directors' Remuneration

The aggregate amounts of emoluments (including fees, salaries, discretionary bonuses, contributions to retirement schemes, housing and other benefits and other allowances) paid to the Directors for the three years ended 31st December 2010 were approximately HK\$51 million, HK\$74 million and HK\$46 million, respectively.

Under the arrangements currently in force, we estimate the aggregate compensation, excluding discretionary bonus, of the Directors payable for the year ending 31st December 2011 to be approximately HK\$37 million.

Except as disclosed above, no other payments have been made or are payable, in respect of the three years ended 31st December 2010, by any of member of the Group to any of the Directors.

### 3. Substantial Shareholders

Immediately following completion of the Spin-off, assuming no changes in the shareholdings of JSS in Swire Pacific after the Latest Practicable Date, the following persons will have an interest or a short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO,

or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

- (i) Long positions in the Shares and underlying Shares

<u>Name</u>	<u>Number of Shares</u>	<u>Approximate percentage of issued share capital</u>
Swire Pacific .....	4,796,764,250	82%
JSS .....	448,047,782	8% <sup>(1)</sup>

Note:

- (1) In addition to JSS' interest through Swire Pacific.

- (ii) Short positions in the Shares and underlying Shares — nil.

- (iii) Interests in other members of our Group.

<u>Name of subsidiary</u>	<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Approximate percentage of issued share capital</u>
Abbey Head Company Limited	GC Acquisitions VI Limited	200 ordinary shares	20%
Endeavour Technology Limited	Channel Best Limited <sup>(1)</sup>	125 ordinary shares	12.5%
Jade at Brickell Bay Associates, Limited	Suttonwood Holding LLC	Nil	37.5%
Peragore Limited	Cheer East Limited <sup>(2)</sup>	200 ordinary shares	20%
Swire and Island Communication Developments Limited	Island Communication Enterprises Limited <sup>(3)</sup>	1 non-voting dividend share and 40 ordinary shares	40%

Notes:

- (1) Henderson Land Development Company Limited, through its subsidiary, Channel Best Limited, is indirectly interested in a 12.5% interest in Endeavour Technology Limited.
- (2) Cheer East Limited is a company owned as to 50% by Henderson Land Development Company Limited through its subsidiary, Profit Best Development Limited, and as to the remaining 50% by Unibo Investment Limited.
- (3) China Motor Bus Company Limited, through its subsidiary, Island Communication Enterprises Limited, is indirectly interested in a 40% interest in Swire and Island Communication Developments Limited.

Save as disclosed herein, the Directors are not aware of any person who immediately following completion of the Spin-off and the Swire Pacific Distribution will have an interest or a short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and are therefore regarded as substantial shareholders under the Listing Rules.

#### 4. Disclosure of Interests of Directors

Immediately following completion of the Spin-off, assuming no changes in the shareholdings of JSS and of the Directors in Swire Pacific after the Latest Practicable Date, the interests or short positions of the Directors and the chief executives 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) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

*Interest in the share capital of the Company (all being long positions)*

Name of Director	Capacity			Total no. of Shares	Approximate percentage of issued Shares in the Company immediately after completion of the Spin-off (%)	Note
	Beneficial interest		Trust interest			
	Personal	Family				
S E Bradley.....	700	—	—	700	0.00001	—
P K Etchells.....	—	8,400	—	8,400	0.00014	—
D Ho.....	14,000	—	—	14,000	0.00024	—
P A Kilgour.....	3,500	—	—	3,500	0.00006	—
C D Pratt.....	49,700	—	—	49,700	0.00085	—
M B Swire.....	354,956	—	551,397	906,353	0.01549	(1)

*Note:*

- (1) M B Swire is a trustee of trusts which hold 3,037,822 ‘B’ shares in Swire Pacific Limited, in which he does not have any beneficial interest and in respect of which 425,295 Shares (included under “Trust Interest”) will be distributed under the Swire Pacific Distribution. He will not have any beneficial interest in those Shares.

**APPENDIX VIII**

**STATUTORY AND GENERAL INFORMATION**

*Interest in the share capital of Swire Pacific and JSS (being holding companies and therefore associated corporations of the Company)*

	Capacity			Total no. of shares	Percentage of issued capital in Swire Pacific immediately after completion of the Spin-off (assuming the number of issued shares of Swire Pacific remains unchanged after the Latest Practicable Date until completion of the Spin-off) (%)	Note
	Beneficial interest		Trust interest			
	Personal	Family				
<b>Swire Pacific</b>						
<i>'A' shares</i>						
S E Bradley.....	1,000	—	—	1,000	0.0001	—
P K Etchells .....	—	12,000	—	12,000	0.0013	—
P A Kilgour .....	5,000	—	—	5,000	0.0006	—
C D Pratt.....	51,000	—	—	51,000	0.0056	—
M B Swire.....	58,791	—	—	58,791	0.0065	(1)
<i>'B' shares</i>						
D Ho .....	100,000	—	—	100,000	0.0033	—
C D Pratt.....	100,000	—	—	100,000	0.0033	—
M B Swire.....	2,241,483	—	3,938,554	6,180,037	0.2063	(1)

	Capacity			Total no. of shares	Percentage of issued capital in JSS immediately after completion of the Spin-off (assuming the number of issued shares of JSS remains unchanged after the Latest Practicable Date until completion of the Spin-off) (%)	Note
	Beneficial interest		Trust interest			
	Personal	Family				
<b>JSS</b>						
<i>Ordinary Shares of £1</i>						
M B Swire .....	3,140,523	—	19,222,920	22,363,443	22.36	(1)
<i>8% Cum. Preference Shares of £1</i>						
M B Swire .....	846,476	—	5,655,441	6,501,917	21.67	(1)

Note:

(1) M B Swire is a trustee of trusts which hold 10,766,080 ordinary shares and 3,121,716 preference shares in John Swire & Sons Limited and 3,037,822 'B' shares in Swire Pacific Limited included under "Trust interest" and does not have any beneficial interest in those shares.

**5. Disclaimers**

Save as disclosed in this listing document:

- (a) none of the Directors or chief executive of the Company has any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;
- (b) so far as is known to any of the Directors or chief executive of the Company, no person has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group;
- (c) none of the Directors nor any of the persons listed in the sub-section headed “Qualifications of Experts” below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this listing document, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (d) none of the Directors is materially interested in any contract or arrangement with the Group subsisting at the date of this listing document which is unusual in its nature or conditions or which is significant in relation to the business of the Group;
- (e) none of the persons listed in the sub-section headed “Qualifications of Experts” below has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (f) none of the persons listed in the sub-section headed “Qualifications of Experts” below is materially interested in any contract or arrangement subsisting at the date of this listing document which is significant in relation to the business of the Group taken as a whole;
- (g) none of the Directors has entered or has proposed to enter into any service agreements with the Company or any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation);

- (h) so far as is known to the Directors, none of the Directors or their associates or any shareholder of the Company (which to the knowledge of the Directors owns 5% or more of the issued share capital of the Company) has any interest in any of the five largest customers or the five largest suppliers of the Group; and
- (i) none of the Controlling Shareholders and the Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

## **D. OTHER INFORMATION**

### **1. Estate Duty, Tax and Other Indemnities**

The Directors have been advised that no material liability for estate duty is likely to fall on the Company and its subsidiaries in Hong Kong or the PRC.

### **2. Litigation**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Group, that would have a material adverse effect on its business, results of operations or financial condition.

### **3. Joint Sponsors**

Each of the Joint Sponsors, save for BOCI and HSBC, satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

BOCI is not and is not expected to be independent as the fair value of the shareholding held by an associate of a director of the holding company of BOCI in the Company on the Listing Date is expected to exceed HK\$5 million.

HSBC is not and is not expected to be independent as one of the directors of HSBC, Mr. Christopher Dale Pratt, is also a Director and therefore a connected person of the Company.

The Joint Sponsors have made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

### **4. No Material Adverse Change**

The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since 30th June 2011 (being the date to which the Company's latest audited financial statements were made up).



**5. Miscellaneous**

Save as disclosed in this listing document, within the two years immediately preceding the date of this listing document,

- (a) no share or loan capital of the Company or any of its principal subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) neither the Company nor any of its subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
- (d) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;
- (e) none of the equity and debt securities of the Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
- (f) the Company has no outstanding convertible debt securities.

**6. Qualifications of Experts**

The following are the qualifications of the experts who have given opinion or advice which are contained in this listing document:

<b>Name</b>	<b>Qualification</b>
BOCI .....	Licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Goldman Sachs .....	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities
HSBC .....	Registered institution under the SFO registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities and also a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)

Name	Qualification
Morgan Stanley .....	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities
PricewaterhouseCoopers .....	Certified Public Accountants
DTZ.....	Independent professional property valuer and market consultant
Christie + Co .....	Independent professional property valuer
Jingtian & Gongcheng .....	PRC legal adviser to the Company

#### 7. Preliminary Expenses

The preliminary expenses incurred by the Company were HK\$50,000 and were payable by the Company.

#### 8. Consents of Experts

Each of the Joint Sponsors, PricewaterhouseCoopers as our independent reporting accountant, DTZ as our independent property valuer and market consultant, Christie + Co as our independent property valuer and Jingtian & Gongcheng as our legal adviser on PRC law has given and has not withdrawn its consent to the issue of this listing document with the inclusion of its report and/or letter and/or summary of values and/or valuation certificate and/or opinion and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in the Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any of its subsidiaries.

#### 9. Financial Adviser

Moelis & Company Asia Limited (“**Moelis**”) has been appointed by the Company and Swire Pacific as financial adviser in relation to the Spin-off and the Listing. The appointment of Moelis was not made pursuant to the requirements of the Listing Rules and is separate and distinct from the appointment of the Joint Sponsors (which is required to be made by the Company pursuant to the Listing Rules). The Joint Sponsors are responsible for fulfilling their duties as sponsors to the Company’s application for listing on the Stock Exchange and the Joint Sponsors have not relied on any of the work performed by Moelis in fulfilling those duties.

Moelis supplements the advice from the Joint Sponsors and its services to the Company and Swire Pacific include the following:

- (a) assisting the Company and Swire Pacific on the selection and appointment of professional advisors, including legal advisers, property valuers and reporting accountants;
- (b) advising the Company and Swire Pacific on the preparation for and the structure of the Spin-off and the Listing (including the capital structure of the Company and Swire Pacific) and on their credit ratings;
- (c) assisting the Company in preparing detailed financial models relating to the Company's properties and in preparing financial forecasts and profit projections for the Company;
- (d) advising on the structure, timing and market positioning of the Listing;
- (e) evaluating the impact of the Spin-off and the Listing on Swire Pacific;
- (f) assisting in the preparation of the documentation for the Spin-off (including the listing document and any announcements or circulars to the shareholders of Swire Pacific) and documentation for the Listing;
- (g) advising the Company and Swire Pacific on the relevant requirements of the Listing Rules (including those relating to spin-offs) and of other relevant regulatory requirements;
- (h) liaising generally with the Stock Exchange in connection with the Spin-off and the Listing and assisting in seeking approvals for the Spin-off and the Listing; and
- (i) conducting all necessary due diligence reviews and enquiries.

#### **10. Certain ERISA Considerations**

No investor may acquire or hold the Shares (or any interest therein) with the assets of any: (i) employee benefit plan which is subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), (ii) plan, account or other arrangement which is subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "**Code**") or provisions under any other federal, state, local, non-U.S. or other law or regulation which could cause the underlying assets of the Company to be treated as assets of such plan, account or arrangement by virtue of its investment in the Company ("**Similar Laws**") or (iii) entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each of the foregoing described in paragraphs (i), (ii) and (iii) referred to herein as a Plan).

The following discussion is general in nature and not intended to be all inclusive. The discussion is based on the laws in effect on the date of this document and is subject to any subsequent changes therein. Prospective investors should not look to the foregoing discussion as legal advice. Rather, each prospective investor in the Company should seek advice regarding ERISA, the Code and any applicable Similar Laws and the potential fiduciary obligations and exposure to liability thereunder from each such investor's independent legal counsel.

The United States Department of Labor, the government agency primarily responsible for administering the ERISA fiduciary rules and the prohibited transaction rules under Title I of ERISA and Section 4975 of the Code, has issued a regulation, as modified by Section 3(42) of ERISA (the Plan Asset Regulation, codified at 29 C.F.R. § 2510.3-101), that specifies the circumstances under which the underlying assets of an entity are treated for purposes of ERISA as assets (“**plan assets**”) of a Plan which is subject to Title I of ERISA or Section 4975 of the Code (“**ERISA Plans**”), and are subject to the fiduciary provisions of ERISA, including the prohibited transaction provisions of ERISA and the prohibited transaction provisions of Section 4975 of the Code, by reason of the ERISA Plan's investment in the entity.

Under the Plan Asset Regulation, when an ERISA Plan acquires an equity interest in an entity, the ERISA Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that the entity is an “operating company,” (as defined in the Plan Asset Regulation) or the investment qualifies under another exemption under the Plan Asset Regulation, such as the 25% test exemption described below. The term “operating company” is generally defined in the Plan Asset Regulation to mean an entity that is primarily engaged, directly or through a majority owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital. The Plan Asset Regulation also treats an entity that qualifies as a “real estate operating company” as an operating company. Under the 25% test exemption, the Plan Asset Regulation provides that if less than 25% of the total value of each class of equity interests (excluding the value of any interests held by certain persons, other than Benefit Plan Investors (defined below), having discretionary authority or control over the assets of the entity or providing investment advice with respect to the assets of the entity for a fee, direct or indirect, or any affiliates of such persons) in any entity is held by Benefit Plan Investors, then such entity's underlying assets will not be treated as “plan assets” for purposes of ERISA or Section 4975 of the Code. “Benefit Plan Investors” are defined in Section 3(42) of ERISA to include (1) any employee benefit plan (as defined in Section 3(3) of ERISA), that is subject to part 4 of Title I of ERISA, (2) any plan to which Section 4975(e)(1) of the Code applies and (3) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity.

The Company will not monitor whether it will satisfy the 25% test exemption and it is not clear whether the Company will qualify as an “operating company” for purposes of the Plan Asset Regulation, and it is not anticipated that the Shares will qualify for another exemption under the Plan Asset Regulation.

ACCORDINGLY, EACH INVESTOR AND SUBSEQUENT TRANSFEREE OF SHARES, WILL BE DEEMED TO REPRESENT AND WARRANT THAT THEY ARE NOT ACQUIRING THE SHARES WITH THE ASSETS OF ANY PLAN, AND FOR SO LONG AS THEY HOLD ANY SHARES THEY WILL NOT BE HOLDING THE SHARES WITH THE ASSETS OF ANY PLAN AND WILL NOT BE ACTING ON BEHALF OF ANY PLAN. FOR THESE PURPOSES, THE TERM “PLAN” MEANS ANY: (I) EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO TITLE I OF ERISA, (II) PLAN, ACCOUNT OR OTHER ARRANGEMENT WHICH IS SUBJECT TO SECTION 4975 OF THE

CODE OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION WHICH COULD CAUSE THE UNDERLYING ASSETS OF THE COMPANY TO BE TREATED AS ASSETS OF SUCH PLAN, ACCOUNT OR ARRANGEMENT BY VIRTUE OF ITS INVESTMENT IN THE COMPANY OR (III) ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE “PLAN ASSETS” OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT.

However, there can be no assurance that such deemed representations and warranties will be effective to prevent the Company’s underlying assets from being treated as plan assets for purposes of Title I of ERISA, Section 4975 of the Code or any applicable Similar Laws or that the Company’s underlying assets will not be treated as plan assets for purposes of ERISA, Section 4975 of the Code or any applicable Similar Laws.

If for any reason the assets of the Company are deemed to be “plan assets” of an ERISA Plan, both the Company and fiduciaries causing ERISA Plans to acquire or hold the Shares could be adversely affected. With regard to the Company itself, although the reach of ERISA outside the United States is uncertain: (i) certain transactions that the Company might enter into, or may have entered into, in the ordinary course of its business might constitute non-exempt “prohibited transactions” under ERISA or Section 4975 of the Code, which generally require rescission of prohibited transactions; (ii) various providers of fiduciary or other services to the Company, and any other parties with authority or control with respect to the Company, could be deemed to be ERISA Plan fiduciaries or otherwise “parties in interest” (within the meaning of ERISA) or “disqualified persons” (within the meaning of Section 4975 of the Code, by virtue of their provision of such service; and (iii) the payment of certain of the fees by the Company might be considered to be a non-exempt “prohibited transaction” under Section 406 of ERISA or Section 4975 of the Code. With regard to fiduciaries causing ERISA Plans to invest in the Shares, (i) the underlying assets of the Company could be subject to ERISA’s reporting and disclosure requirements, in which case an ERISA Plan fiduciary would be required to report the ERISA Plan’s share of each of the Company’s assets as an asset of the ERISA Plan; (ii) a fiduciary causing an ERISA Plan to make an investment in the equity of the Company could be deemed to have delegated its responsibility to manage the assets of the ERISA Plan and could be held responsible under ERISA for investment decisions made by the Company, and (iii) it is not clear that Section 404(b) of ERISA, which generally prohibits ERISA Plan fiduciaries from maintaining the indicia of ownership of assets of ERISA Plans subject to Title I of ERISA outside the jurisdiction of the district courts of the United States, would be satisfied in all instances.

BECAUSE OF THE FOREGOING, THE SHARES MAY NOT BE HELD BY ANY PERSON WITH THE ASSETS OF ANY PLAN.

PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR COUNSEL AND ADVISERS REGARDING THE APPLICABILITY OF TITLE I OF ERISA, SECTION 4975 OF THE CODE OR ANY SIMILAR LAWS APPLICABLE TO THE INVESTOR.

Copies of the following documents will be available for inspection at the offices of Slaughter and May at 47th Floor, Jardine House, One Connaught Place, Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this listing document:

- (1) the Memorandum and Articles of Association of the Company;
- (2) the Accountant's Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this listing document, and the related statement of adjustments;
- (3) the report on the unaudited pro forma financial information from PricewaterhouseCoopers, the text of which is set out in Appendix II to this listing document;
- (4) the audited consolidated financial statements of the Group for each of the three years ended 31st December 2010;
- (5) the letters, summaries of values and valuation certificates relating to the property interests of the Group (other than Amalgamation Properties) prepared by DTZ and Christie + Co, the texts of which are set out in Appendix III to this listing document and the valuation report (in English only) of DTZ Debenham Tie Leung Limited and Christie + Co referred to in Appendix III "Property Valuation" to this listing document;
- (6) the market research report prepared by DTZ the text of which is set out in Appendix IV to this listing document;
- (7) the written consents referred to in the section headed "Other Information — Consents of Experts" in Appendix VIII "Statutory and General Information" to this listing document; and
- (8) the legal opinions prepared by Jingtian & Gongcheng, the Company's legal adviser as to PRC law, in respect of certain aspects of the Group and the property interests of the Group.

