

Review of Operations

- | | |
|---|---|
| <ul style="list-style-type: none">■ 21 <i>Property Sales</i>
■ 22 <i>Hong Kong Property Business</i><ul style="list-style-type: none">22 <i>Land Bank</i>24 <i>Property Development</i>36 <i>Property Investment</i>
■ 46 <i>Mainland Property Business</i><ul style="list-style-type: none">46 <i>Land Bank</i>48 <i>Property Development</i>60 <i>Property Investment</i> | <ul style="list-style-type: none">■ 64 <i>Property Related Businesses</i>
■ 71 <i>Telecommunications and Information Technology</i>
■ 72 <i>Transportation, Infrastructure and Logistics</i>
■ 75 <i>Corporate Finance</i>
■ 76 <i>Customer Service</i> |
|---|---|



Property Sales

The Group sold or pre-sold an attributable HK\$25,674 million worth of properties in the year under review, an increase of 81 per cent from last year's HK\$14,151 million. A number of projects in Hong Kong and on the mainland were put on the market over the past year and produced highly encouraging sales.

Proceeds from Hong Kong property sales amounted to HK\$22,491 million, mostly from new projects such as The Cullinan at Kowloon Station, The Latitude in Kowloon, Peak One in Sha Tin, La Grove in Yuen Long and Lime Habitat in

North Point on Hong Kong Island. The remaining HK\$3,183 million was from mainland properties, which mainly included Lake Dragon and The Arch in Guangzhou, MIXC Residence in Hangzhou and Taihu International Community in Wuxi.

The Group will continue offering new projects for sale as planned. Major residential projects in Hong Kong to go on sale in the next nine months include Aria in Kowloon, Ap Lei Chau Inland Lot 129 in Island South, Tuen Mun Town Lot 465 and Park Island Phase 6 on Ma Wan.



Hong Kong Property Business

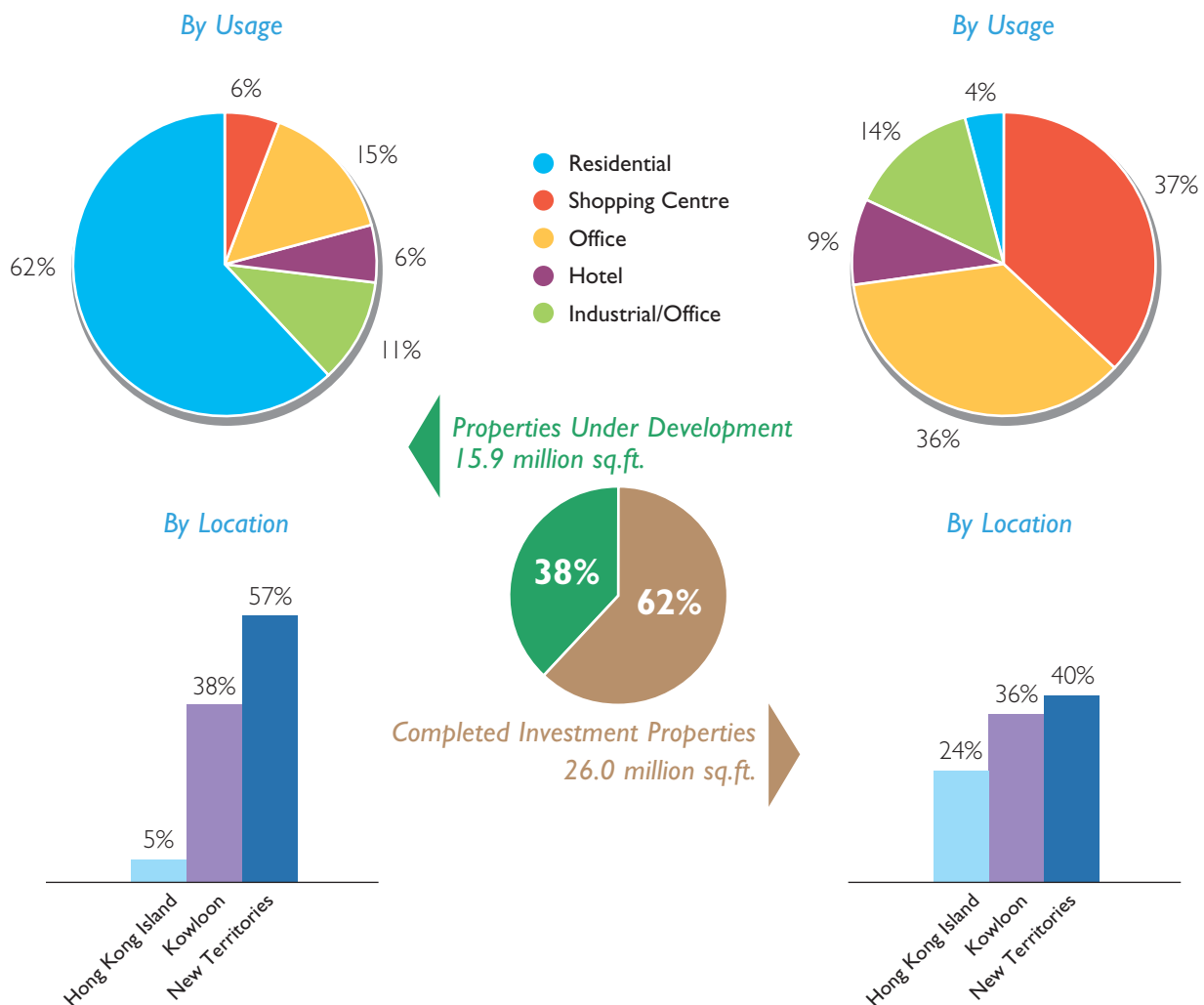
Highlights

- Diverse Hong Kong land bank of 41.9 million square feet by gross floor area, plus over 24 million square feet of agricultural land reserves by site area
- Completed 1.8 million square feet of properties, of which 1.2 million square feet is residential properties for sale
- Investment property portfolio 93 per cent occupied
- Net rental income up 21 per cent to HK\$7,271 million

Land Bank

Hong Kong Land Bank Composition

(41.9 million square feet in attributable gross floor area as at 30 June 2009)



The Group's Hong Kong land bank amounted to 41.9 million square feet in June 2009, as compared to 43 million square feet last year. This consisted of 15.9 million square feet of properties under development and 26 million square feet of completed investment properties.

The Group also owns over 24 million square feet of agricultural land in terms of site area in the New Territories. Most of this is along existing or planned rail lines and is being converted to residential use, with the majority already in advanced stages.

Of the 15.9 million square feet of properties under development, 11.6 million will be for sale and the other 4.3 million kept for long-term investment. The Group holds a diverse portfolio in terms of usage. Residential premises for sale account for 62 per cent of the development land bank and 73 per cent of the completed investment properties are shopping malls and prime offices.

The Group's development land bank of 15.9 million square feet is also geographically diverse, with 43 per cent in urban areas and 57 per cent in the New Territories. Completed investment properties are divided between 40 per cent in the New Territories and 60 per cent in Kowloon and on Hong Kong Island.

The Group's Hong Kong land bank as at 30 June 2009 by attributable gross floor area breaks down as follows:

Attributable Gross Floor Area (million square feet)				
	Development for Sale	Development for Investment	Completed Investment Properties	Total
By Usage				
Residential	9.8	—	1.0	10.8
Shopping centre	—	0.9	9.7	10.6
Office	—	2.4	9.3	11.7
Hotel	—	1.0	2.4	3.4
Industrial/Office*	1.8	—	3.6	5.4
Total	11.6	4.3	26.0	41.9
By Location				
Hong Kong Island	0.6	0.1	6.4	7.1
Kowloon	3.7	2.5	9.3	15.5
New Territories	7.3	1.7	10.3	19.3
Total	11.6	4.3	26.0	41.9

* Includes godowns.

Hong Kong Property Business

Property Development

The innovative modern features in the Group's premium residential developments are constantly evolving to meet the ever-changing needs of buyers. The Group's recognized brand and trusted reputation for quality and service enhance the marketability and margins of new projects.

The clubhouse at The Cullinan, Kowloon Station



Hong Kong Property Business

Property Development



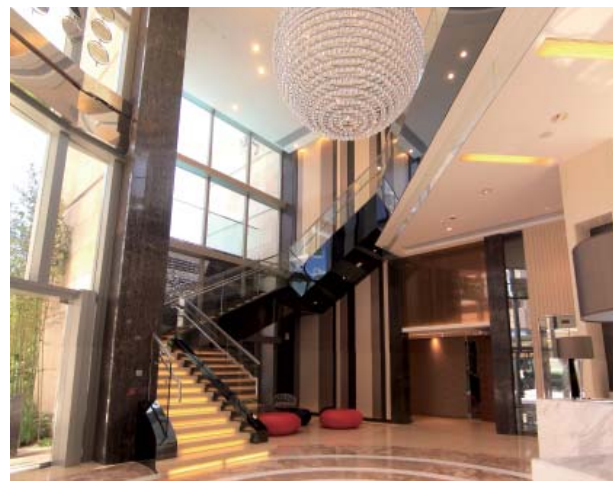
Peak One has a prime Sha Tin location and a relaxing green environment.

The Group has 15.9 million square of properties under development in Hong Kong. Most of this is being developed into premium residential premises offering a wide range of unit sizes catering to the varying needs of homebuyers. The developments are designed with comprehensive facilities and service that will provide residents with the convenience and comfort of a modern luxury lifestyle.

The good sales of various projects over the past year demonstrated once again the strength of the Group's premium brand. The Cullinan is a new icon for the city, setting new standards for luxury with its design and fine materials. Peak One also appeals to buyers with its high-quality finishes and a design that emphasizes harmony with the natural surroundings.

The low-density La Grove development integrated lush greenery with modern classic design to suit young homebuyers' aspiration. The Latitude, being the first large premium residence by the future Kai Tak metropolis, attracted high market interest. Lime Habitat is a new-generation boutique apartment development tailored to buyers seeking quality and a distinctive lifestyle.

Following these successes, the Group will continue adding innovative, contemporary features in new developments to meet the sophisticated and varying needs of modern homebuyers.



Modern and fully-equipped clubhouse at La Grove in Yuen Long.



The Lime Habitat new-generation boutique apartments are tailored for people seeking a distinctive lifestyle.

Major Projects Under Development

Kwu Tung, Sheung Shui (100% owned)

Site area:	1.7 million square feet
Gross floor area:	683,000 square feet
Approximate units:	330
Expected completion:	late 2009

This low-density project will contain 330 houses surrounded by the greenery around Beas River. Construction is scheduled for completion in late 2009.



The Kwu Tung project in Sheung Shui by Beas River will be surrounded by lush greenery.

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

Site area:	478,000 square feet
Gross floor area:	616,000 square feet (residential) 5,000 square feet (retail)
Approximate units:	450
Expected completion:	first half of 2010

This high-end residential development on Castle Peak Road will have a mixture of houses and medium-rise blocks in a tranquil, green environment. Construction of the superstructure is progressing smoothly.



The luxury development on Castle Peak Road will be nestled in a tranquil and green environment.

Hong Kong Property Business

Property Development

YOHO Midtown

Yuen Long Town Lot 504
(100% owned)

Site area:	318,000 square feet
Gross floor area:	1.4 million square feet (residential) 249,000 square feet (retail)
Units:	1,886
Expected completion:	first half of 2010

YOHO Midtown, the second phase of the Group's YOHO Town project in Yuen Long, is designed as a vibrant, carefree community for young professionals seeking quality of life. It is in the heart of the district with extensive transport connections and a rail link. There will be eight residential towers containing 1,886 units in different configurations from one to four bedrooms. Construction is under way and scheduled for completion by the middle of 2010.



YOHO Midtown in Yuen Long consists of eight towers planned for completion by mid 2010.



The Latitude in Kowloon East is the first large premium residence by the future Kai Tak metropolis with views of Victoria Harbour.

The Latitude

638 Prince Edward Road East
(100% owned)

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

The Latitude is near a station on the planned MTR Sha Tin to Central Link and will be a new residential enclave and shopping destination in Kowloon East. The five towers will contain 1,159 flats in a wide range of sizes and layouts including scarce four-bedroom units. Most units will have views of Victoria Harbour and the future cruise terminal at Kai Tak. The development will also include a trendy shopping mall 'Mikiki' designed to offer an innovative shopping concept. Its advantageous location and top design and finishes made it a market focus when it went on sale in April this year. About 60 per cent of the units were sold within the first month and sales remained encouraging afterwards. Construction is progressing smoothly.



The development above the Tseung Kwan O MTR station will set new standards for the neighbourhood.

Tseung Kwan O Area 56 Development (Joint venture)

Site area:	460,000 square feet
Gross floor area:	1.8 million square feet (total) 1.5 million square feet (attributable)
Approximate units:	1,000
Expected completion:	second half of 2011

This project is above the Tseung Kwan O MTR station. Construction of the 861,000 square feet of premium residential units for sale has proceeded to the superstructure stage and will be completed in the second half of 2011. The Group will retain 626,000 square feet of hotel space and 54,000 square feet of office premises for rent. This development is expected to set new standards for premium residences in Tseung Kwan O. There will be a public square and open space to the immediate north of the development, which will be a town centre and leisure and entertainment focus of Tseung Kwan O.



Aria on Kowloon Peak will have two deluxe clubhouses with comprehensive facilities.

Aria New Kowloon Inland Lot 6350, Ngau Chi Wan (100% owned)

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

These luxury residences on a prime site on Kowloon Peak will have sweeping panoramas of Victoria Harbour and stylish architecture designed to offer residents an exclusive, tranquil living environment surrounded by greenery. The development will have 723 units of diverse layouts and sizes, with typical one- to four-bedroom units ranging from 500 to over 2,100 square feet. Construction of superstructure is under way and the development is expected to go on sale in the next few months.

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

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

The site has a good location with harbour views and will be developed into luxury residences. Majority of the units will be three- to four-bedroom units to meet growing needs from upgraders. Work has proceeded to the superstructure stage.

Hong Kong Property Business

Property Development

West Rail Tuen Mun Station Development (Joint venture)

Site area:	286,000 square feet
Gross floor area:	1.3 million square feet (residential) 269,000 square feet (retail)
Approximate units:	1,900
Expected completion:	beyond 2011

There will be 1.3 million square feet of premium residential units overlooking Tuen Mun Park, and a 269,000-square-foot shopping mall. It will be the only major new residential development in the heart of Tuen Mun for the next few years, and with its easy links to railways and buses, it is destined to be a central focus in the area. Construction of the first 728,000 square feet of residential premises is under way.



The Tuen Mun West Rail Station development is at a transportation hub with panoramic views.

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

Site area:	674,000 square feet
Gross floor area:	856,000 square feet (residential) 24,000 square feet (retail)
Approximate units:	600
Expected completion:	beyond 2011

The Group is finalizing its plan to develop this site into a prestigious residential development with a mixture of houses, duplexes and apartment towers. The low-density development will offer residents a green and relaxing living environment. The site is close to the Yuen Long and Kam Sheung Road West Rail stations and has convenient road links to the urban areas via Route 3.

Kowloon Commerce Centre

51 Kwai Cheong Road
(100% owned)

Site area:	89,000 square feet (entire project)
Gross floor area:	520,000 million square feet (phase 2 under development)
Expected completion:	beyond 2011

Kowloon Commerce Centre (KCC) will have two premium grade-A office towers combining fine architecture, international specifications and green features. The development has a convenient location with easy access to other parts of the territory via rail connections. The first tower was completed in 2008 and leasing is progressing well. Foundation work for the second tower is completed and the Group is fine-tuning the design and development plan for the superstructure.



KCC is a premium office in West Kowloon with convenient transportation.



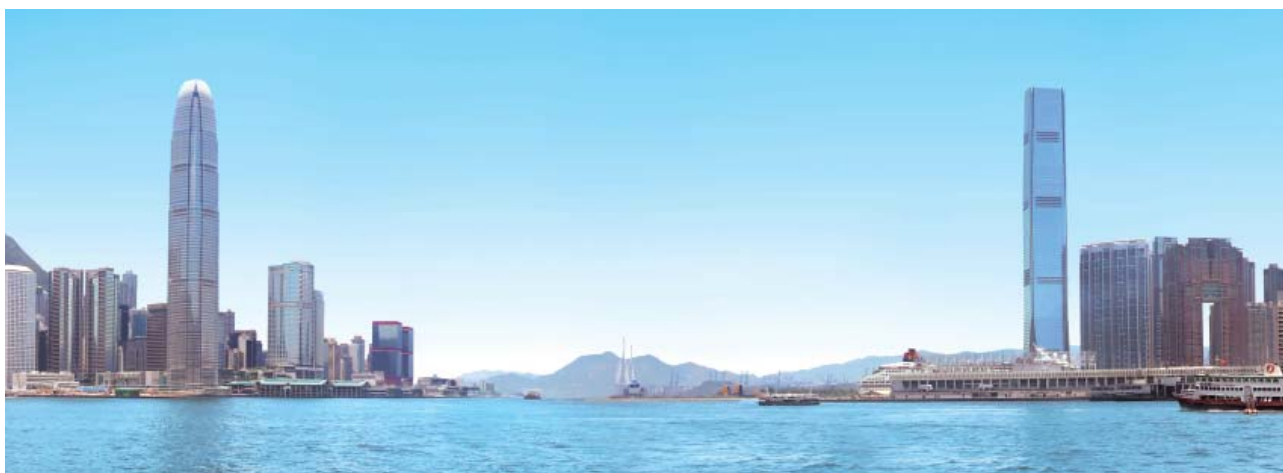
ICC at Kowloon Station has innovative architecture and high-tech facilities. It is popular among renowned worldwide financial companies and about 90 per cent is already leased or pre-leased.

International Commerce Centre

Kowloon Station Development Package 5, 6 & 7
(joint venture)

Site area:	790,000 square feet (entire project)
Gross floor area:	5.4 million square feet (entire project) 1.4 million square feet (phase 3 under development)
Expected completion:	first half of 2010

Packages 5, 6 & 7 consist of 5.4 million square feet of gross floor area, of which the Group has an attributable 4.7 million square feet. The Group has already completed a million square feet of deluxe residential units and serviced apartments in The Cullinan, a 900,000-square-foot shopping mall Elements, The HarbourView Place suite hotel, W Hong Kong Hotel and 1.5 million square feet of premium grade-A office space in International Commerce Centre (ICC). Still under construction is the remaining million square feet of offices and Ritz-Carlton Hotel. Their completion in 2010 will signal the completion of the entire ICC complex, which is now a new landmark business hub in the city and home for a number of prestigious and leading financial and banking institutions.



ICC and IFC form a magnificent gateway to Victoria Harbour, reshaping the skyline of Hong Kong.

Hong Kong Property Business

Property Development

Major Projects Under Development by Year of Completion

Location	Project Name	Group's Interest (%)	Residential
Projects to be completed in financial year 2009/10			
Yuen Long Town Lot 504	YOHO Midtown	100	1,414,000
Kwu Tung, Sheung Shui		100	683,000
Tuen Mun Town Lot 465		100	616,000
Sha Tin Town Lot 496	Peak One Phase 3	100	33,000
Tuen Mun Town Lot 461, Lam Tei	GreenView	100	27,000
Tsing Lung Tau Lot 68		100	9,000
Kowloon Station Development Package 7	ICC Phase 3/Ritz-Carlton Hotel	Joint Venture	—
108 Wai Yip Street, Kwun Tong (formerly 129 Hoi Bun Road)	One Harbour East	100	—
Year Total			2,782,000
Projects to be completed in financial year 2010/11			
638 Prince Edward Road East	The Latitude	100	1,025,000
New Kowloon Inland Lot 6350, Ngau Chi Wan	Aria	100	775,000
Ap Lei Chau Inland Lot 129		35	316,000
38 Ming Yuen Western Street, North Point	Lime Habitat	100	87,000
Lot 4313 in DD 124, Hung Shui Kiu, Yuen Long		74	83,000
77 Wing Hong Street, Cheung Sha Wan		100	—
Year Total			2,286,000
Projects to be completed in financial year 2011/12			
Tseung Kwan O Area 56 Development		Joint Venture	861,000
Kowloon Inland Lot 11146, West Kowloon		100	794,000
18 Po Yip Street, Yuen Long		100	222,000
Larch Street/Fir Street Development, Kowloon		Joint Venture	177,000
9 Shouson Hill Road		100	91,000
Chatham Garden Redevelopment, Kowloon		29	88,000
12 Mount Kellett Road, The Peak		100	42,700
48–50 Stanley Village Road		100	37,000
Year Total			2,312,700
Projects to be completed in financial year 2012/13 and beyond			
West Rail Tuen Mun Station Development		Joint Venture	1,286,000
Lot 2099 in DD 109, Yuen Long		100	856,000
Shek Wu Wai, Yuen Long		50	227,000
295–305 Shau Kei Wan Road		90	55,000
Tsing Lung Tau Lot 67		100	10,500
Kwai Chung Town Lot 215	KCC Phase 2	100	—
20–24 Hung To Road, Kwun Tong		100	—
49 King Yip Street, Kwun Tong		100	—
50 Wong Chuk Hang Road		100	—
483 Castle Peak Road, Cheung Sha Wan		100	—
Kwun Tong Inland Lot 173/174 (formerly 181 Hoi Bun Road)		64.3	—
Total			2,434,500

Attributable Gross Floor Area (square feet)

Shopping Centre	Office	Hotel	Industrial	Total
249,000	—	—	—	1,663,000
—	—	—	—	683,000
5,000	—	—	—	621,000
—	—	—	—	33,000
—	—	—	—	27,000
—	—	—	—	9,000
—	973,000	417,000	—	1,390,000
—	292,000	—	—	292,000
254,000	1,265,000	417,000	—	4,718,000
205,000	—	—	—	1,230,000
—	—	—	—	775,000
—	—	—	—	316,000
—	—	—	—	87,000
—	—	—	—	83,000
—	—	—	242,000	242,000
205,000	—	—	242,000	2,733,000
—	54,000	626,000	—	1,541,000
95,000	—	—	—	889,000
—	—	—	—	222,000
24,000	—	—	—	201,000
—	—	—	—	91,000
18,000	—	—	—	106,000
—	—	—	—	42,700
—	—	—	—	37,000
137,000	54,000	626,000	—	3,129,700
269,000	—	—	—	1,555,000
24,000	—	—	—	880,000
—	—	—	—	227,000
—	—	—	—	55,000
—	—	—	—	10,500
—	520,000	—	—	520,000
—	207,000	—	—	207,000
—	120,000	—	—	120,000
—	120,000	—	—	120,000
—	109,000	—	—	109,000
—	—	—	501,000	501,000
293,000	1,076,000	—	501,000	4,304,500



La Grande Vineyard in Yuen Long is a low-density residential development surrounded by a quiet and green environment.



One Harbour East in Kowloon East is a grade-A office building with a modern appearance and convenient transportation.

Hong Kong Property Business

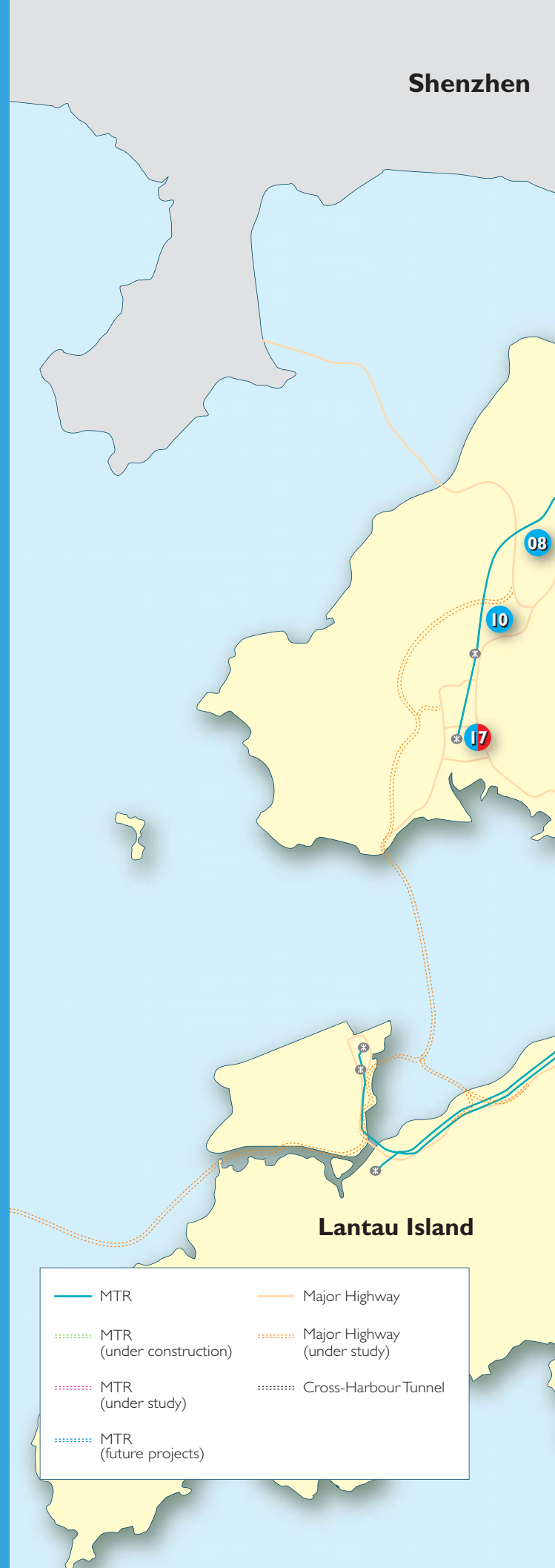
Property Development

Major Projects Under Development

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

- | | | |
|----|---|--|
| 01 | ● | Lime Habitat |
| 02 | ● | 9 Shouson Hill Road |
| 03 | ● | Peak One Phase 3 |
| 04 | ● | Kwu Tung |
| 05 | ● | Shek Wu Wai |
| 06 | ● | Tsing Lung Tau Lots 67 and 68 |
| 07 | ● | Ap Lei Chau Inland Lot 129 |
| 08 | ● | Lot 4313 in DD 124, Hung Shui Kiu |
| 09 | ● | Aria |
| 10 | ● | GreenView |
| 11 | ● | 12 Mount Kellett Road |
| 12 | ● | 295–305 Shau Kei Wan Road |
| 13 | ● | 48–50 Stanley Village Road |
| 14 | ● | 18 Po Yip Street |
| 15 | ● ● | Chatham Garden Redevelopment |
| 16 | ● ● | Tuen Mun Town Lot 465 |
| 17 | ● ● | West Rail Tuen Mun Station Development |
| 18 | ● ● | YOHO Midtown |
| 19 | ● ● | The Latitude |
| 20 | ● ● | Lot 2099 in DD 109, Yuen Long |
| 21 | ● ● | Kowloon Inland Lot 11146 |
| 22 | ● ● | Larch Street / Fir Street Development |
| 23 | ● ● ● | Tseung Kwan O Area 56 Development |
| 24 | ● ● | ICC Phase 3 / Ritz-Carlton Hotel |
| 25 | ● | One Harbour East |
| 26 | ● | KCC Phase 2 |
| 27 | ● | 483 Castle Peak Road |
| 28 | ● | 49 King Yip Street |
| 29 | ● | 20–24 Hung To Road |
| 30 | ● | 50 Wong Chuk Hang Road |
| 31 | ● | 77 Wing Hong Street |
| 32 | ● | Kwun Tong Inland Lot 173 / 174 |

Shenzhen





New Territories

Kowloon

Hong Kong Island

Hong Kong Property Business

Property Investment

The Group's rental property portfolio is regularly refined to deliver an optimum mix with the latest technology and modern facilities to stay ahead of the market. Major new developments such as International Commerce Centre at Kowloon Station redefine the city's skyline.

International Commerce Centre, Kowloon Station



Hong Kong Property Business

Property Investment



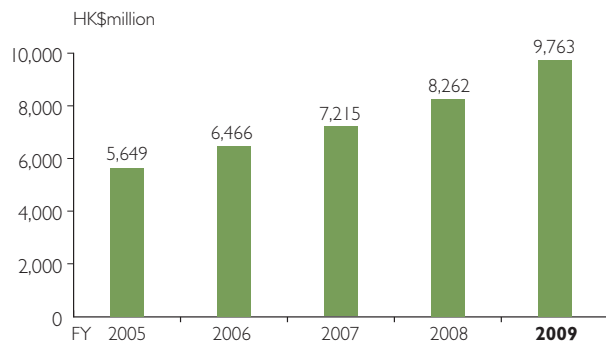
New Town Plaza in Sha Tin offers a diversified trade mix for shoppers.

The Group's gross rental income, including contributions from joint-venture properties, increased by 18 per cent to HK\$9,763 million during the year under review. Net rental income increased 21 per cent during the year to HK\$7,271 million.

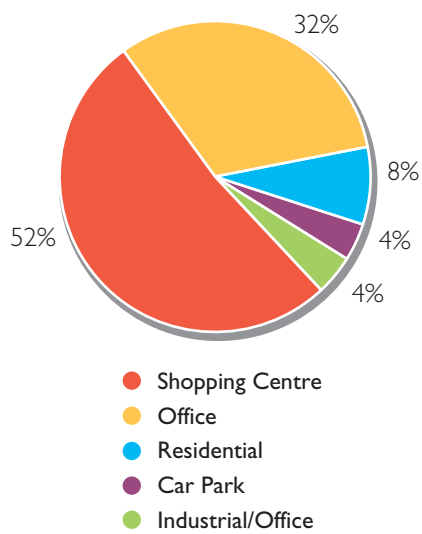
An uncertain business environment dampened leasing demand for office space during the year. While new supply in the core areas was limited, decentralized areas such as Kowloon East experienced more supply pressure. The retail leasing market was relatively resilient despite the economic downturn, particularly for regional malls. The Group focused on maintaining occupancy in its rental portfolio, and it managed to achieve 93 per cent.

The Group is constantly upgrading and renovating its investment portfolio and adding value by incorporating the latest technology and modern facilities in its properties to stay ahead of the market. Concierges in its major office buildings and customer care ambassadors in malls offer extra convenience to tenants and shoppers. Regular two-way communications between the Group and its tenants ensure that their needs are understood.

Gross Rental Income*



Gross Rental Income by Sector*



* including contributions from jointly-controlled entities and associates



WTC More in Causeway Bay has a new look with more trendy retailers after renovations.



Metroplaza in Kwai Chung is popular among shoppers with its modern design and spacious layout.



APM is a major shopping attraction in Kowloon East.

Hong Kong Property Business

Property Investment

Completed Investment Properties

Shopping Centres

Occupancy of the Group's Hong Kong shopping centre portfolio remained high, with positive rental reversions in most malls. The Group continued managing its shopping malls proactively to attract more traffic with innovative marketing and promotions. The Group also took steps to draw more mainland tourist shoppers.

A refurbishment of WTC More in Causeway Bay finished recently, and renovations have given Tsuen Wan Plaza a new layout and a more diverse shop mix. APM is a trend-setting mall in Kowloon East that offers leading-edge fashion, dining and entertainment day and night. Its tenant mix is regularly adjusted to offer a fresh shopping experience. IFC Mall remained a major attraction in Central. The Group's other major malls like New Town Plaza in Sha Tin, Grand Century Place in Mong Kok, Metroplaza in Kwai Chung and East Point City in Tseung Kwan O also performed well.

Offices

The Group's office portfolio contains 9.3 million square feet of premium space, and overall occupancy remained satisfactory despite a challenging office leasing market in Hong Kong, with intense competition particularly in non-core areas. High-quality offices in good or transport-convenient locations such as IFC in Central, Central Plaza and Sun Hung Kai Centre in Wan Chai, Millennium City in Kowloon East and Grand Century Place in Mong Kok recorded satisfactory occupancy.

Residential & Suites

The Group holds a million square feet of luxury residential property plus over 1,000 suites for lease under its Signature Homes portfolio, offering tenants comprehensive, personalized one-stop service. The HarbourView Place serviced suites have attracted guests from around the world with their convenient location and premium facilities.



Four Seasons Place in Central offers prestigious serviced suites for long-staying guests.



The HarbourView Place at Kowloon Station sets a new benchmark for luxury serviced suite in Hong Kong.



Two IFC has become an icon in Hong Kong with its ultra-modern design and state-of-the-art facilities.

Other Properties

The Group's property investment portfolio also contains more than 31,000 car parking bays, industrial buildings, godowns and data centres, which generate steady rental income. The Group is evaluating the possibility of converting selected industrial premises to other uses.

Investment Properties Under Development

The Group has been optimizing its investment property mix over the years, gradually increasing the proportion of high-grade projects in prime locations by building new landmark developments.

Major investment properties under development include International Commerce Centre (ICC) at Kowloon Station and Kowloon Commerce Centre (KCC) in West Kowloon. The distinctive ICC development incorporates the finest architecture and latest technology, offering a desirable working environment for large corporations and multinationals. The entire project is scheduled for completion in 2010. The Kowloon Station development also has a full range of complementary amenities including the stylish Elements shopping mall, The HarbourView Place and Hong Kong's first W Hotel, to be followed by a Ritz-Carlton establishment, turning the area into a new focal point in Hong Kong.

KCC is leasing well, with a number of renowned multinationals already committed to taking up space. Tenants have started moving into the 600,000-square-foot new premium office tower.

The Group has an attributable four million plus square feet of new investment properties under development. This includes over two million square feet of premium office space, mainly in the last phase of ICC and projects in other parts of Kowloon. The remainder consists of 900,000 square feet of retail area in Kowloon and the New Territories and one million square feet of high-end hotels and suites at Kowloon Station and in the city centre of Tseung Kwan O.

Investment Property: Completed and Under Development

million square feet



ICC at Kowloon Station has an ultra-modern design, facilities with international standards and exceptional service to meet the high demands of multinationals.

Hong Kong Property Business

Property Investment

Major Completed Investment Properties

Project	Location	Lease Expiry	Group's Interest (%)	Residential
Hong Kong Island				
One IFC	1 Harbour View Street, Central	2047	50	—
Two IFC & IFC Mall	8 Finance Street, Central	2047	50	—
Four Seasons Hotel and Four Seasons Place	8 Finance Street, Central	2047	50	—
Sun Hung Kai Centre	30 Harbour Road, Wan Chai	2127	100	—
Central Plaza	18 Harbour Road, Wan Chai	2047	50	—
World Trade Centre	280 Gloucester Road, Causeway Bay	2842	100	—
Harbour Centre	25 Harbour Road, Wan Chai	2128	33.3	—
Dynasty Court (Blocks 2 & 3)	23 Old Peak Road	2886	100	341,000
Pacific View (Blocks 2 & 3)	38 Tai Tam Road	2047	100	248,000
Hillsborough Court (Block 4)	18 Old Peak Road	2884	100	126,000
Kowloon				
ICC Phases I & 2	1 Austin Road West	2047	Joint venture	—
The HarbourView Place/W Hong Kong	1 Austin Road West	2047	Joint venture	—
Millennium City I*	388 Kwun Tong Road	2047	100	—
Millennium City 2	378 Kwun Tong Road	2047	50	—
Millennium City 3	370 Kwun Tong Road	2047	100	—
Millennium City 5	418 Kwun Tong Road	2047	100	—
Millennium City 6	392 Kwun Tong Road	2047	100	—
Grand Century Place	193 Prince Edward Road West, Mong Kok	2047	100	—
Royal Plaza Hotel	193 Prince Edward Road West, Mong Kok	2047	100	—
The Sun Arcade	28 Canton Road, Tsim Sha Tsui	2047	100	—
The Royal Garden	69 Mody Road, Tsim Sha Tsui	2127	100	—
Kerry Hung Kai Godown	3 Fat Tseung Street, Cheung Sha Wan	2047	50	—
APEC Plaza	49 Hoi Yuen Road, Kwun Tong	2047	100	—
Peninsula Tower	538 Castle Peak Road, Cheung Sha Wan	2047	100	—
New Tech Plaza	34 Tai Yau Street, San Po Kong	2047	100	—
Hing Wah Centre	82–84 To Kwa Wan Road	2099	100	—
New Territories				
New Town Plaza I	18 Shatin Centre Street, Sha Tin	2047	100	—
New Town Plaza III	2–8 Shatin Centre Street, Sha Tin	2047	100	—
New Town Tower	10–18 Pak Hok Ting Street, Sha Tin	2047	100	—
Grand Central Plaza	138 Shatin Rural Committee Road, Sha Tin	2047	100	—
Royal Park Hotel	8 Pak Hok Ting Street, Sha Tin	2047	100	—
Metroplaza Tower I & Shopping Centre	223 Hing Fong Road, Kwai Chung	2047	100	—
Landmark North	39 Lung Sum Avenue, Sheung Shui	2047	100	—
Tai Po Mega Mall	9 On Pong Road, Tai Po	2047	100	—
Tsuen Wan Plaza	5–21 Pak Tin Par Street, Tsuen Wan	2047	100	—
East Point City Shopping Centre	8 Chung Wa Road, Tseung Kwan O	2047	100	—
Sun Yuen Long Centre Shopping Arcade	8 Long Yat Road, Yuen Long	2047	87.5	—
Park Central Shopping Centre	Tseung Kwan O Town Lots 57 & 66	2047	57.52/25	—
Yuen Long Plaza Shopping Arcade	249–251 Castle Peak Road, Yuen Long	2047	100	—
Uptown Plaza Shopping Arcade	9 Nam Wan Road, Tai Po	2047	100	—
Grand City Plaza	1–17 Sai Lau Kok Road, Tsuen Wan	2047	100	—
Citygate/Novotel Citygate Hong Kong Hotel	Tung Chung Town Lot 2	2047	20	—
KCC Phase I	51 Kwai Cheong Road, Kwai Chung	2047	100	—
Royal View Hotel	353 Castle Peak Road, Ting Kau	2047	100	—
Sunhing Hungkai Godown	8 Wong Chuk Yeung Street, Sha Tin	2047	100	—
Advanced Technology Centre	2 Choi Fat Street, Sheung Shui	2047	100	—

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

Attributable Gross Floor Area (square feet)				
Shopping Centre	Office	Hotel	Industrial/Office	Total
—	392,000	—	—	392,000
320,000	566,000	—	—	886,000
—	—	550,000	—	550,000
53,400	850,600	—	—	904,000
—	700,000	—	—	700,000
280,000	232,000	—	—	512,000
20,500	80,000	—	—	100,500
—	—	—	—	341,000
—	—	—	—	248,000
—	—	—	—	126,000
—	1,522,000	—	—	1,522,000
—	—	606,000	—	606,000
27,000	890,000	—	—	917,000
—	133,000	—	—	133,000
—	84,000	—	—	84,000
598,000	308,000	—	—	906,000
32,000	370,000	—	—	402,000
725,000	475,000	—	—	1,200,000
—	—	400,000	—	400,000
204,800	—	—	—	204,800
—	—	295,000	—	295,000
—	—	—	285,000	285,000
—	—	—	240,000	240,000
—	—	—	198,000	198,000
—	—	—	183,000	183,000
—	—	—	182,700	182,700
1,300,000	—	—	—	1,300,000
350,000	—	—	—	350,000
—	96,000	—	—	96,000
236,000	505,000	—	—	741,000
—	—	258,000	—	258,000
600,000	569,000	—	—	1,169,000
181,500	375,500	—	—	557,000
588,800	—	—	—	588,800
583,000	—	—	—	583,000
415,000	—	—	—	415,000
245,000	—	—	—	245,000
195,000	—	—	—	195,000
145,000	—	—	—	145,000
120,000	—	—	—	120,000
35,100	137,200	—	—	172,300
99,000	32,000	47,000	—	178,000
15,000	563,000	—	—	578,000
—	—	310,000	—	310,000
—	—	—	500,000	500,000
—	—	—	142,000	142,000



East Point City in Tseung Kwan O stages regular promotions to attract shoppers.



IFC Mall remains the major shopping and entertainment attraction in Central with up-market retailers.

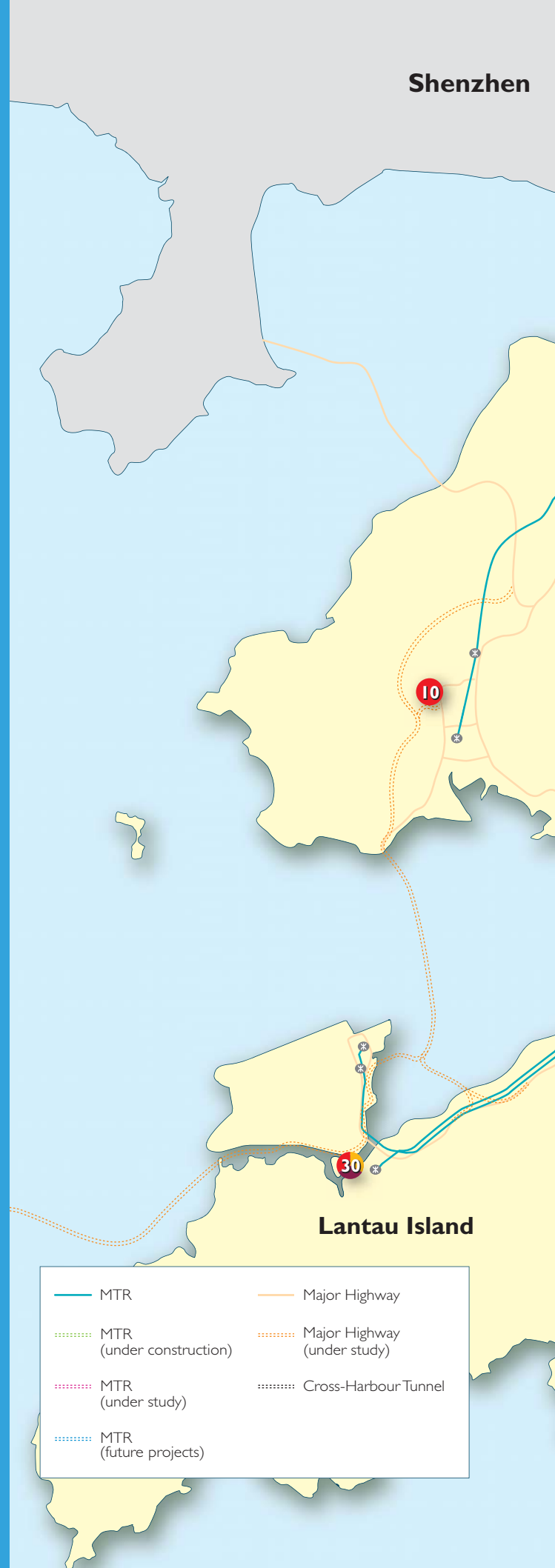
Hong Kong Property Business

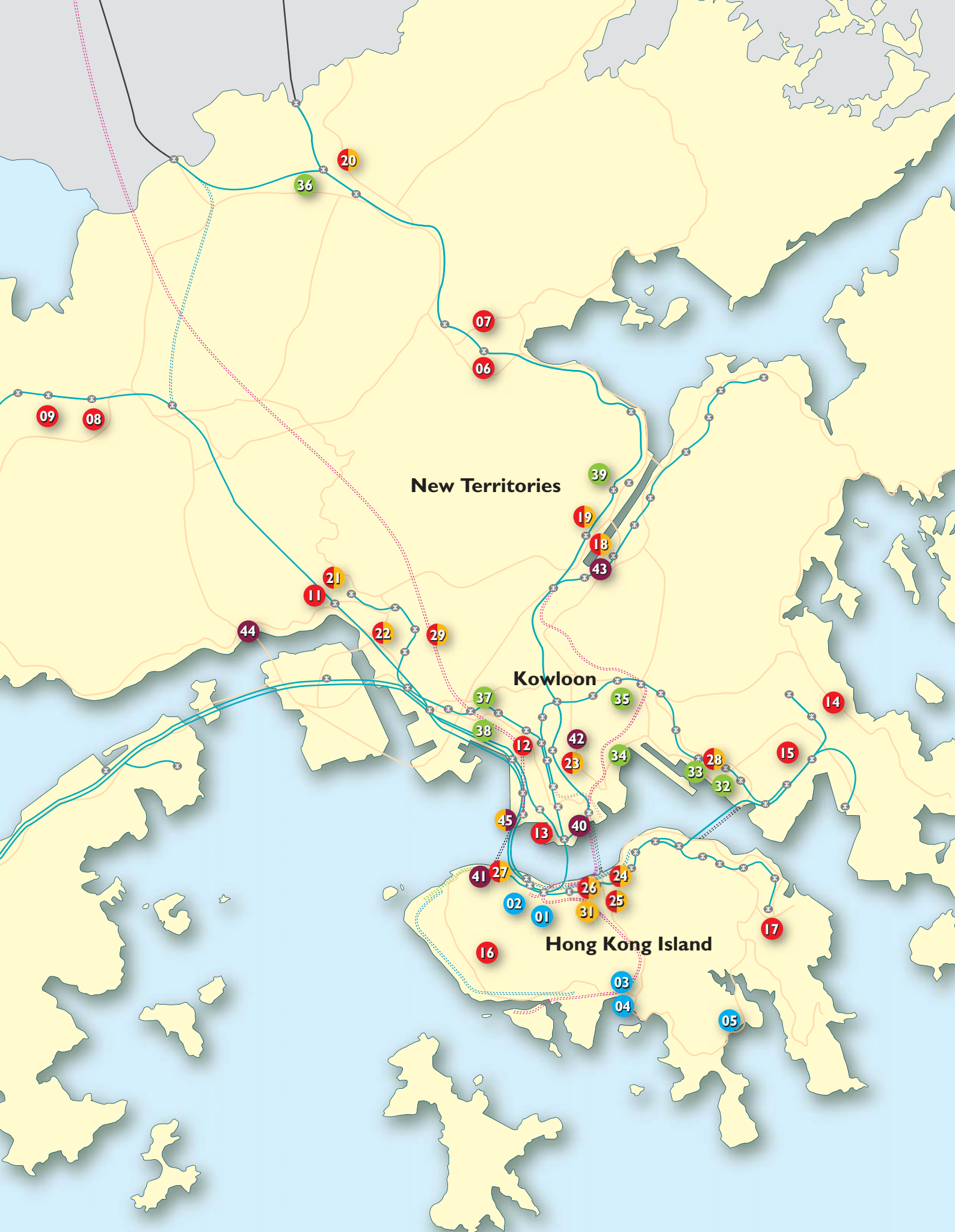
Property Investment

Major Completed Investment Properties

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

- | | | |
|----|--|---|
| 01 | ● | Dynasty Court |
| 02 | ● | Hillsborough Court |
| 03 | ● | 63 Deep Water Bay Road |
| 04 | ● | 51 & 55 Deep Water Bay Road |
| 05 | ● | Pacific View |
| 06 | ● | Uptown Plaza |
| 07 | ● | Tai Po Mega Mall |
| 08 | ● | Sun Yuen Long Centre |
| 09 | ● | Yuen Long Plaza |
| 10 | ● | Chelsea Heights |
| 11 | ● | Tsuen Wan Plaza |
| 12 | ● | New Kowloon Plaza |
| 13 | ● | The Sun Arcade |
| 14 | ● | East Point City |
| 15 | ● | Park Central |
| 16 | ● | Chi Fu Landmark |
| 17 | ● | New Jade Shopping Arcade |
| 18 | ● ● | New Town Plaza / New Town Tower |
| 19 | ● ● | Grand Central Plaza / HomeSquare |
| 20 | ● ● | Landmark North |
| 21 | ● ● | Grand City Plaza |
| 22 | ● ● | Metroplaza |
| 23 | ● ● | Grand Century Place |
| 24 | ● ● | World Trade Centre |
| 25 | ● ● | Sun Hung Kai Centre |
| 26 | ● ● | Harbour Centre |
| 27 | ● ● | IFC |
| 28 | ● ● | Millennium City Phases 1, 2, 3, 5 & 6 |
| 29 | ● ● | KCC Phase I |
| 30 | ● ● ● | Citygate / Novotel Citygate Hong Kong Hotel |
| 31 | ● | Central Plaza |
| 32 | ● | APEC Plaza |
| 33 | ● | Infotech Centre |
| 34 | ● | Hing Wah Centre |
| 35 | ● | New Tech Plaza |
| 36 | ● | Advanced Technology Centre |
| 37 | ● | Peninsula Tower |
| 38 | ● | Kerry Hung Kai Godown |
| 39 | ● | Sunhing Hungkai Godown |
| 40 | ● | The Royal Garden |
| 41 | ● | Four Seasons Hotel & Four Seasons Place |
| 42 | ● | Royal Plaza Hotel |
| 43 | ● | Royal Park Hotel |
| 44 | ● | Royal View Hotel |
| 45 | ● ● | The HarbourView Place / W Hong Kong / ICC Phase I & 2 |





Mainland Property Business

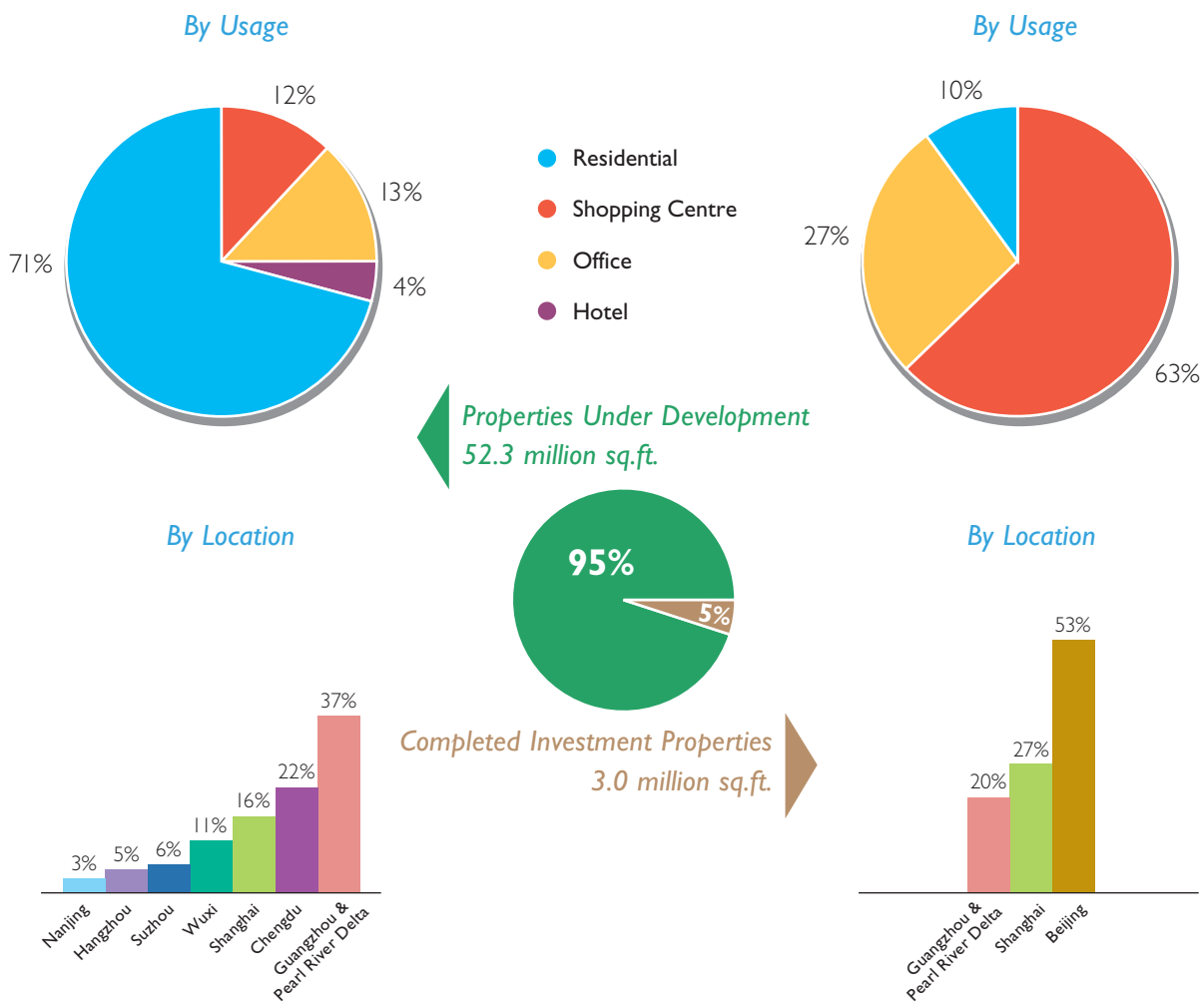
Highlights

- Holds 52.3 million square feet of properties for development on the mainland plus three million square feet of completed properties for rent
- Completed 660,000 square feet of residential properties for sale
- Encouraging response to pre-sales of new projects during the year
- Adopts a selective and focused investment strategy, concentrating on prime cities including Beijing, Shanghai, Guangzhou and Shenzhen

Land Bank

Mainland China Land Bank Composition

(55.3 million square feet in attributable gross floor area as at 30 June 2009)



The Group's mainland land bank had an attributable gross floor area of 52.3 million square feet of properties under development in June 2009, of which over 70 per cent will be

high-end residences for sale, and another 3.0 million square feet completed investment properties; mainly offices and shopping centres in prime locations.

The Group's mainland land bank as at 30 June 2009 was as follows:

	Attributable Gross Floor Area (million square feet)		
	Under Development	Completed Investment Properties	Total
By Usage			
Residential*	36.9	0.3	37.2
Shopping centre	6.2	1.9	8.1
Office	7.1	0.8	7.9
Hotel	2.1	—	2.1
Total	52.3	3.0	55.3
By Location			
Beijing	—	1.6	1.6
Shanghai	8.6	0.8	9.4
Guangzhou and Pearl River Delta	19.3	0.6	19.9
Chengdu	11.3	—	11.3
Hangzhou	2.4	—	2.4
Nanjing	1.7	—	1.7
Suzhou	3.3	—	3.3
Wuxi	5.7	—	5.7
Total	52.3	3.0	55.3

* Includes serviced apartments

Mainland Property Business

Property Development

The Group has a focused strategy of investing in the prime cities of Beijing, Shanghai, Guangzhou and Shenzhen. It has gained a reputation on the mainland for outstanding quality and premium service in its developments.

Lake Dragon, Guangzhou



Mainland Property Business

Property Development



Shanghai IFC will be a new focus in the city with its premium office, shopping mall and hotel. Tower 1 is finished and will house the HSBC China head office.

Residential markets on the mainland have been recovering significantly since the last quarter of 2008, with higher transaction volumes underpinned by the government's economic stimulus measures and supportive policies towards the property sector. Prices rebounded notably in most major cities in 2009, though recent tighter rules on mortgages for second homes have reduced transaction volumes in some cities.

The Group is optimistic about long-term prospects for mainland markets in view of the robust economic growth, ongoing urbanization and generally rising affluence. It will adhere to its selective and focused investment strategy on the mainland, focusing primarily on selected major cities including Beijing, Shanghai, Guangzhou and Shenzhen.

The Group is developing 36.9 million square feet of quality residential premises and serviced apartments on the mainland, mostly in prime locations with convenient transport access. The Group will apply its Hong Kong experience and expertise with a focus on developing high-end residences on the mainland. It successfully established its recognized brand in Guangzhou during the year, with premium pricing achieved for new projects.



The Shanghai IFC shopping mall will feature well-known international retailers.

Major Mainland Projects Under Development

SHANGHAI

Shanghai IFC

Lujiazui, Shanghai
(100% owned)

Shanghai IFC is at 8 Century Avenue in the heart of the Lujiazui financial and trade zone in Pudong. The integrated complex will contain offices and retail and hotel space with a combined gross floor area of over four million square feet. Tower 1 of the twin office towers contains 900,000 square feet and was completed in July 2009. It will house the HSBC China head office of 22 floors. Leasing of the remaining space is going well, with the substantial majority already let. Tower 2 under development will provide another 1.3 million square feet of premium offices. The million-square-foot-plus Shanghai IFC mall will be one of the Group's key high-end malls on the mainland with its prime location and convenient transport. Response to the soft marketing has been encouraging and a number of international retailers have expressed interest in leasing space. The first phase of the mall and the over 400,000-square-foot Ritz-Carlton hotel are expected to open in the middle of 2010. The entire project is scheduled for completion by the first half of 2011.

Shanghai International Commerce Centre

Huai Hai Zhong Road Lot 3, Shanghai
(Joint venture)

The Group is developing another major project on Huai Hai Zhong Road, the Shanghai International Commerce Centre (Shanghai ICC), with a first-class retail mall, offices and luxury residences. Construction is under way and is scheduled for completion in phases from the second half of 2010. The project will have a total floor area of about three million square feet. It is in the busiest commercial area of Puxi and will include a large mall linked to a new mass transit station that will be the interchange for three transit lines.



Shanghai ICC on Huai Hai Zhong Road will be a top-quality integrated development with convenient transport connections.

Wei Fong, Shanghai (100% owned)

This project is on the bank of the Huangpu River in the most prestigious residential area of Pudong, with a panoramic view of the famous Bund. The Group will apply its expertise in developing luxury residences to build 1.7 million square feet of top-quality units and serviced apartments. The project will stand out and set new standards for luxury residences in Shanghai. Construction is under way and is scheduled for completion in phases from 2013.



The Wei Fong project in Shanghai will be a luxury residence on the bank of the Huangpu River.

Mainland Property Business

Property Development

GUANGZHOU & PEARL RIVER DELTA

The Arch

Sandong Avenue of Huadu, Guangzhou
(95% owned)

This development is at the centre of Huadu, with convenient access to the Guangzhou Baiyun International Airport and Guangzhou's city centre. It will have 1.1 million square feet of luxury residences for sale. The project will offer different layouts and flat sizes to suit different buyers, and will have a garden theme that emphasizes harmony with nature. About 90 per cent of the over 600 units have been sold since May this year. Construction is progressing smoothly and buyers are expected to take possession in the second half of 2010.



The Arch in Huadu, Guangzhou will have a variety of layouts offering a deluxe lifestyle.

Lake Dragon

Huadu, Guangzhou
(60% owned)

This project is in the scenic Dragon Lake resort area close to the Guangzhou city centre and Guangzhou Baiyun International Airport. It will have over nine million square feet of gross floor area in a low-density development integrated with a golf course. Phase 1A of a million square feet is under construction and set for completion before mid 2010.

The first release of units went on the market in late April this year and sales were highly encouraging. Also under construction is another 350,000 square feet in Phase 1B, which will go on the market soon.



Lake Dragon in Guangzhou will have scenic views and a tranquil environment.

Shiling Project

Huadu, Guangzhou
(100% interest)

The Shiling project is another residential development in Huadu. The site is in a green environment and most units will have scenic views of a reservoir. Over seven million square feet of high-end apartments and houses will be completed in phases.



The Shiling project in Guangzhou will be a large residential development next to a reservoir.

Liedecun Project

Zhujiang Xincheng, Guangzhou
(33.3% owned)

This will be an integrated complex in the new Zhujiang Xincheng business area in Guangzhou. It will have over six million square feet of gross floor area housing a large shopping mall, premium offices, a hotel and serviced apartments. Construction just began in August this year.

The Woodland

Zhongshan 5 Road, Zhongshan
(joint venture)

The Woodland is a low-rise development of over five million square feet of premium residential units being built in phases. Following the success of the first two phases, the Group completed the third phase of 660,000 square feet during the year. This is now 80 per cent sold. Work on Phase 4A, with over 130,000 square feet of gross floor area, is under way and scheduled for completion in the second half of 2010.



The low-rise Woodland in Zhongshan is popular. Phase 4A is under construction.

Mainland Property Business

Property Development

OTHER CITIES

Jovo Town

Shuangliu County, Chengdu
(91% owned)

The project has a total gross floor area of 6.6 million square feet and will be developed into deluxe high-rise residences. It is in a new district at the southern part of Chengdu near the new embassy area and exhibition and convention centre, next to the largest ocean park in Chengdu. The superstructures of the six residential towers in Phase 1A have been topped out. It will have a gross floor area of over 1.1 million square feet and is expected to be completed in the second half of 2010. The first batch of units went on sale in late April this year with satisfactory results.

Dongda Avenue Project

Jinjiang, Chengdu
(40% owned)

The Group entered into a joint-venture agreement to build a top residential/commercial complex on this prime site in Chengdu in 2008. The total gross floor area will exceed 13 million square feet, comprising luxury residences, premium offices, a five-star hotel and high-end shopping centre with international retailers. A mass transit rail line currently under construction will offer added accessibility and help transform the district into a new financial and business centre.

Hangzhou MIXC

Qianjiang New City, Hangzhou
(40% owned)

Hangzhou MIXC will have six million square feet of gross floor area containing a large shopping mall, grade-A offices, five-star hotels and luxury residences. The development is in the Qianjiang New City central business district close to the new municipal government headquarters, with easy accessibility via an extensive transport network. One of the two subway stations that will connect directly with the project is scheduled for completion in 2011. Nearly all of the 622 luxury units in MIXC Residence, the residential component of phase one, were sold. These units and the shopping mall are scheduled for completion in the 2009/10 financial year.



Jovo Town in Chengdu is a deluxe residence with 6.6 million square feet of gross floor area.



Hangzhou MIXC is in the Qianjiang New City central business district with easy accessibility.



Taihu International Community appeals to buyers with top-quality construction and full facilities.

Hexi CBD Project

Nanjing
(100% owned)

This project is in the new Nanjing town centre with a gross floor area of 1.7 million square feet. The Group is planning to build a shopping centre, first-class offices and serviced apartments on this prime site.

Industrial Park Project

Suzhou
(90% interest)

The Suzhou Industrial Park encompasses three sites with a total gross floor area of 3.6 million square feet. Two lakefront sites will be developed into a five-star hotel and over 200 townhouses. The third site will be an integrated development of 1.9 million square feet featuring a luxury shopping mall, offices and high-end apartments.

Taihu International Community

Taihu New City, Wuxi
(40% owned)

Taihu International Community will be an integrated development with 15 million square feet of residential units, serviced apartments and hotel and retail space. The project is in a scenic area in Taihu New City with a panoramic view of the lake, complemented by a full range of community facilities including a new art and culture centre, kindergarten, sports ground and convenient transport. It will be a new focal point in southern Wuxi. Residential units have been offered for sale in phases since 2007 and were well-received by buyers. Over 1,300 units were sold during the year under review, bringing the cumulative total of units sold to over 2,000.

Mainland Property Business

Property Development

Major Mainland Properties Under Development by Year of Completion

Project	Project Name	City	Group's Interest (%)
Projects to be completed in financial year 2009/10			
Lujiazui Project Phase I	Shanghai IFC	Shanghai	100
Taihu New City Project Phase 2	Taihu International Community	Wuxi	40
Qianjiang New City Project Phase I	Hangzhou MIXC	Hangzhou	40
Dragon Lake Project Phase IA	Lake Dragon	Guangzhou	60
Year Total:			
Projects to be completed in financial year 2010/11			
Lujiazui Project Phase 2	Shanghai IFC	Shanghai	100
Huai Hai Zhong Road Lot 3 Phase I	Shanghai ICC	Shanghai	Joint Venture
Taihu New City Project Phase 3	Taihu International Community	Wuxi	40
Dragon Lake Project Phase IB	Lake Dragon	Guangzhou	60
Sandong Avenue Project	The Arch	Guangzhou	95
Zhongshan 5 Road Project Phase 4A	The Woodland	Zhongshan	Joint Venture
Shuangliu County Project Phase IA	Jovo Town	Chengdu	91
Year Total:			
Projects to be completed in financial year 2011/12 and beyond			
Wei Fong project		Shanghai	100
Huai Hai Zhong Road Lot 3 Phase 2	Shanghai ICC	Shanghai	Joint Venture
Taihu New City Project remaining phases	Taihu International Community	Wuxi	40
Qianjiang New City Project remaining phases	Hangzhou MIXC	Hangzhou	40
Industrial Park Project		Suzhou	90
Hexi CBD Project		Nanjing	100
Dragon Lake Project remaining phases	Lake Dragon	Guangzhou	60
Shiling Project		Guangzhou	100
Liedecun Project		Guangzhou	33.3
Zhongshan 5 Road Project remaining phases	The Woodland	Zhongshan	Joint Venture
Shuangliu County Project remaining phases	Jovo Town	Chengdu	91
Dongda Avenue Project		Chengdu	40
Total:			

* Gross floor area including retail basement area

Attributable Floor Area (square feet)*

Residential	Shopping Centre	Office	Hotel	Total
—	1,040,000	887,000	527,000	2,454,000
511,000	75,000	—	—	586,000
455,000	656,000	—	—	1,111,000
575,000	—	—	—	575,000
1,541,000	1,771,000	887,000	527,000	4,726,000
—	160,000	1,326,000	413,000	1,899,000
—	—	607,000	—	607,000
409,000	—	—	—	409,000
209,000	—	—	—	209,000
1,090,000	—	—	—	1,090,000
133,000	—	—	—	133,000
1,055,000	—	—	—	1,055,000
2,896,000	160,000	1,933,000	413,000	5,402,000
1,656,000	18,000	—	—	1,674,000
195,000	1,177,000	560,000	—	1,932,000
3,655,000	898,000	—	150,000	4,703,000
442,000	48,000	731,000	127,000	1,348,000
1,380,000	533,000	873,000	471,000	3,257,000
176,000	646,000	877,000	—	1,699,000
4,649,000	—	—	—	4,649,000
7,284,000	—	—	—	7,284,000
909,000	361,000	554,000	215,000	2,039,000
3,324,000	—	—	—	3,324,000
4,885,000	—	—	—	4,885,000
3,888,000	646,000	646,000	215,000	5,395,000
32,443,000	4,327,000	4,241,000	1,178,000	42,189,000



Beijing APM stages regular events to attract traffic flow.



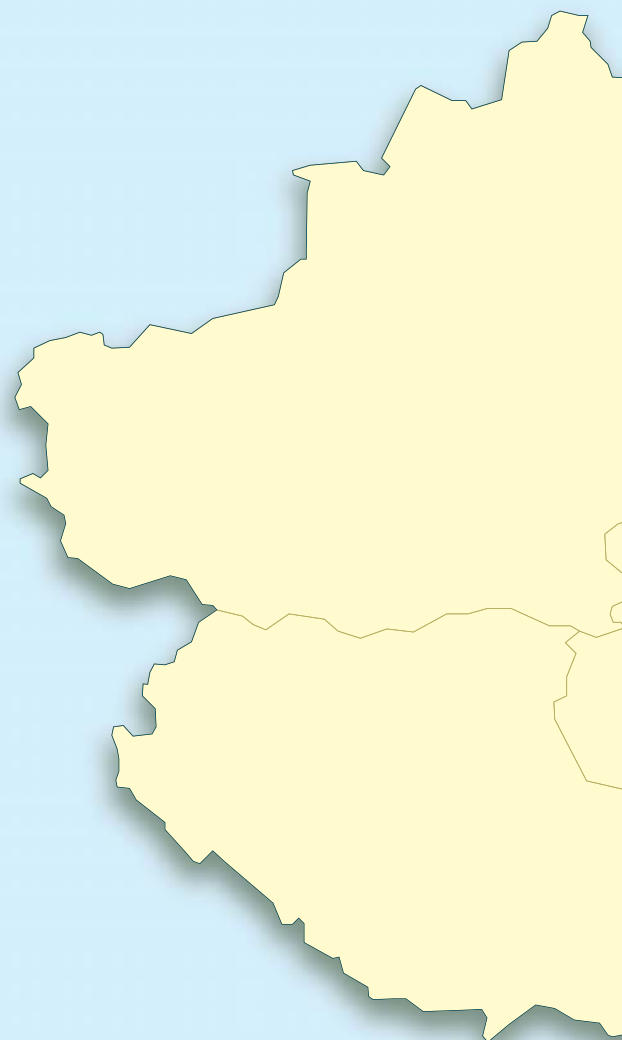
Units in Lake Dragon in Guangzhou will feature high ceilings and generous space.

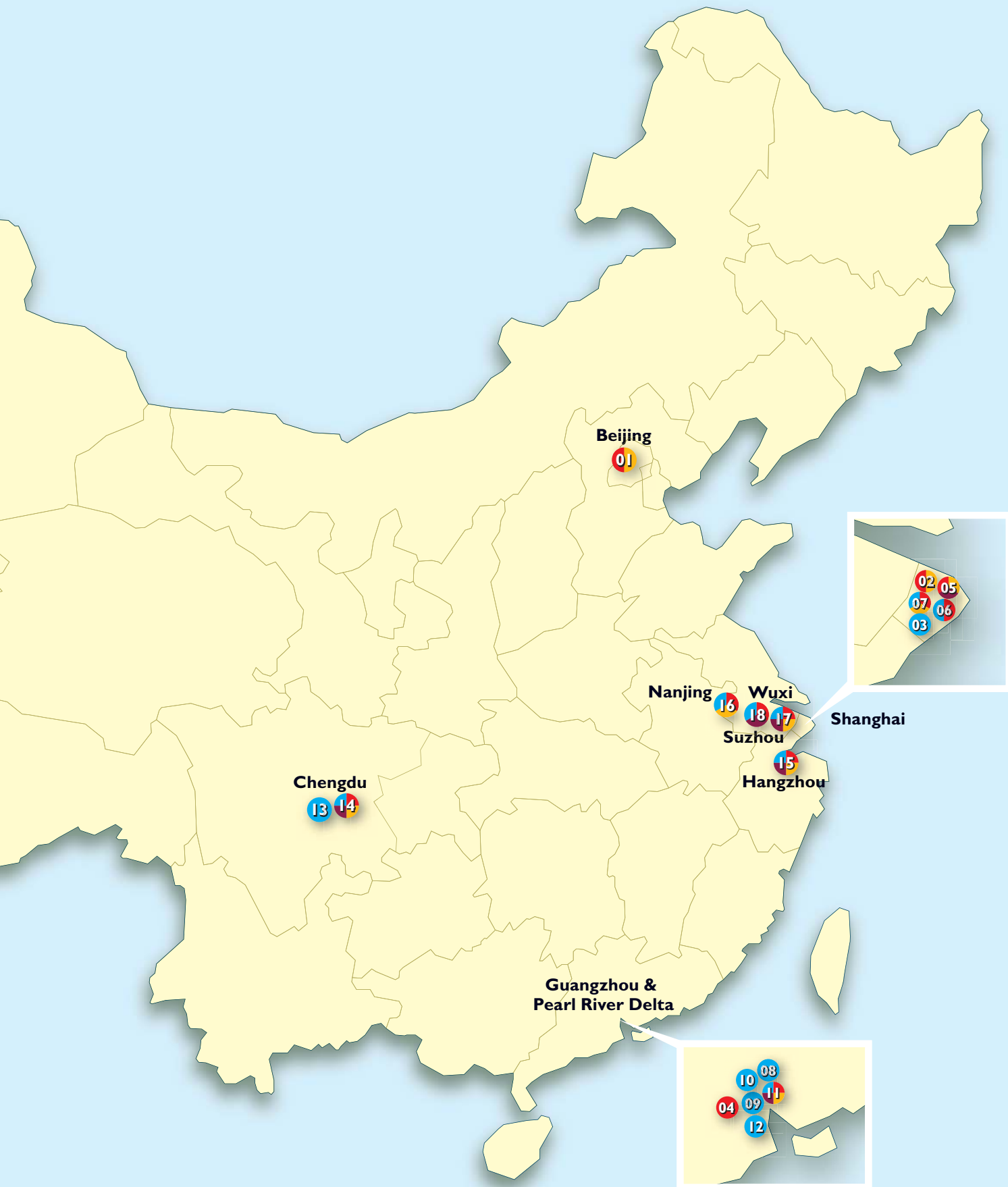
Mainland Property Business

Major Projects

● Residential ● Shopping Centre ● Office ● Hotel

District		Project Name	Usage
Completed			
BEIJING	01	Beijing APM 138 Wangfujing Dajie	● ●
SHANGHAI	02	Central Plaza 381 Huai Hai Zhong Road	● ●
	03	Arcadia Shanghai 88 Guang Yuan Xi Road	●
GUANGZHOU & PEARL RIVER DELTA			
Foshan	04	Nanhai Plaza Nanhai Avenue	●
Under Development			
SHANGHAI	05	Shanghai IFC Lujiazui	● ● ● ●
	06	Wei Fong Project	● ●
	07	Shanghai ICC Huai Hai Zhong Road Lot 3	● ● ● ●
GUANGZHOU & PEARL RIVER DELTA			
Guangzhou	08	Lake Dragon Huadu	●
	09	The Arch Huadu	●
	10	Shiling Project Huadu	●
	11	Liedecun Project	● ● ● ● ●
Zhongshan	12	The Woodland Zhongshan 5 Road	●
OTHER CITIES			
Chengdu	13	Jovo Town Shuangliu County	●
	14	Dongda Avenue Project	● ● ● ● ●
Hangzhou	15	Hangzhou MIXC Qianjiang New City	● ● ● ● ●
Nanjing	16	Hexi CBD Project	● ● ● ●
Suzhou	17	Industrial Park Project	● ● ● ● ●
Wuxi	18	Taihu International Community Taihu New City	● ● ● ●





Mainland Property Business

Property Investment

The Group's mainland investment properties are mainly in prime areas of key cities. Its Shanghai IFC development is destined to be a major new focus of business and finance in the city.

Shanghai IFC





Mainland Property Business

Property Investment

The Group's three-million-square-foot completed investment property portfolio on the mainland consists mainly of key projects in prime districts of Beijing and Shanghai. Despite a challenging business environment, particularly for the office rental market, leasing of the mainland rental portfolio remained satisfactory during the year.



Beijing APM is a popular shopping mall for locals and tourists with a wide range of top international brands.

Completed Mainland Investment Properties

Beijing APM

138 Wangfujing Dajie, Beijing
(Joint venture)

Attributable gross floor area:	1 million square feet (retail) 460,000 square feet (office)
Lease expiry:	2043

Beijing APM is in the heart of Wangfujing and is well known in the city. It has a major shopping mall and over 400,000 square feet of premium offices. Both underwent major revamps in the past two years and leasing was satisfactory during the year. The mall is a popular shopping and entertainment destination with a wide collection of international retailers and food and beverage outlets for high-spending patrons. Occupancy was 90 per cent.

Central Plaza

381 Huai Hai Zhong Road, Shanghai
(80% owned)

Attributable gross floor area:	106,000 square feet (retail) 366,000 square feet (office)
Lease expiry:	2044

Central Plaza is in the busy Puxi commercial district in Shanghai, with 588,000 square feet of top-quality offices and retail space. Its prime location makes it a favourite with multinational companies and retailers. Occupancy of the office space remained high at 97 per cent amid a competitive market.



Arcadia Shanghai is in a deluxe residential area and attracts multinational executives.

Arcadia Shanghai

88 Guang Yuan Xi Road, Shanghai
(97% owned)

Attributable gross floor area:	320,000 square feet
Lease expiry:	2064

The Group retains one of the serviced apartment blocks at Arcadia Shanghai in Xuhui as a long-term investment. Leasing was satisfactory during the year.



A prime location makes Central Plaza in Shanghai a favourite with multinational companies and retailers.

Nanhai Plaza

Nanhai Avenue, Foshan
(100% owned)

Gross floor area:	640,000 square feet
Lease expiry:	2045

Nanhai Plaza is a nine-storey shopping mall in Foshan City with a gross floor area of 640,000 square feet. Tenants include a supermarket, cinema, food street and restaurants, as well as a five-level department store. Traffic flow increased after the Group had upgraded the mall and refined its tenant mix and image in the previous financial year.

Mainland Investment Properties Under Development

The Group is developing a number of investment projects at prime locations in key cities. As at June 2009, it had about six million square feet of prime offices, seven million square feet of shopping centres and two million square feet of premium hotels under development on the mainland. Most are supported by convenient transport connections and will be kept as long-term investments.

Construction of two major investment properties in Shanghai — Shanghai IFC in Lujiazui, Pudong and Shanghai International Commerce Centre in Puxi — is progressing smoothly. The completion of these projects will help build the Group's premium brand on the mainland. The Group is also developing integrated complexes in Qianjiang New City in Hangzhou, Taihu New City in Wuxi, the Suzhou Industrial Park, Liedecun in Zhujiajiang Xincheng, Guangzhou, Hexi CBD in Nanjing and Dongda Avenue in Chengdu, which will include shopping malls, offices or hotels. Details of these projects are covered under Major Mainland Projects Under Development on pages 50 to 59.

Property Related Businesses

Hong Kong will continue reaping the benefits of its status as a major Asian centre of finance and business. The Group will capitalize on the opportunities with new hotels in Hong Kong and on the mainland.

W Hong Kong, Kowloon Station



Property Related Businesses



The Italian restaurant Caprice at the Four Seasons Hotel in Central are acclaimed internationally with Michelin stars honoured.



Four Seasons Hotel has been a favourite of guests from all over the world.



The Royal Garden Hotel in Tsim Sha Tsui offers quality service and food.

Hotels

Hong Kong's hotel sector was affected by a combination of the global financial turmoil that began in the second half of 2008 and the more recent outbreak of swine flu. The Group's hotels nonetheless fared reasonably well in this difficult environment. Average occupancy of the Royal Garden, Royal Park, Royal Plaza and Royal View was high at 90 per cent during the year, though average room rates came under pressure, particularly in the second half of the financial year. The Group is confident of the continued success of its hotels as the economy picks up and business and leisure travellers return, given Hong Kong's role as the gateway to mainland China.

The **Four Seasons Hotel** remained Hong Kong's leading hotel in terms of room rates and revenue earned per available room, and it continued to win numerous accolades. Its Lung King Heen restaurant became the world's only Cantonese restaurant to be honoured with three Michelin stars in the new guide for Hong Kong and Macau, and Caprice won two Michelin stars. The hotel also won a coveted Mobil five-star award and was voted one of the world's top five hotels by readers of *Institutional Investor* magazine. These boost the Four Seasons' international reputation, and maintenance of its pricing position should serve it well when the economic climate improves.



The Royal Plaza Hotel in Mong Kok maintained high occupancy.



The Royal Park Hotel in Sha Tin opened new restaurants to attract guests.

The **Royal Garden Hotel**'s average occupancy edged up during the year and its food and beverage outlets performed well despite intense competition and increased costs. All the hotel's restaurants and bars remained popular. The new Le Soleil Vietnamese restaurant was recommended as a BIB Gourmand in the 2009 Michelin guide for its good value and quality.

The **Royal Park Hotel** saw a slight increase in average occupancy in the year. The global economic downturn also affected its corporate business, but its sales and marketing team has been tapping new markets in mainland China, Singapore and North America. The Royal Park opened two new restaurants in 2008 and will participate in major trade fairs on the mainland and overseas to broaden its clientele base in other markets.

The **Royal Plaza Hotel** continued to achieve good results in both room occupancy and food and beverage revenue despite difficult market conditions. Room occupancies in November and December 2008 were the highest since the hotel opened in 1997, as a result of efforts to cultivate a diversified market. The hotel has a number of strategies to address the ongoing economic uncertainty by providing good value and service.

The **Royal View Hotel** has been fuelling business growth with new elements such as offering fine dining and wedding banquets in a scenic location and poolside marriage ceremonies. The hotel also offers top service to satisfy guests, and the different room packages introduced during the year have drawn good comments.

W Hong Kong opened in August 2008 as the first W hotel in greater China. It has some of the largest guest rooms in the city and a wide variety of meeting and event space. The hotel's restaurants and top leisure facilities such as the city's highest pool and Asia's first Bliss spa helped earn it acclaim from international media, placing in the *Conde Nast Traveler* 2009 Hot List, *Travel & Leisure* 2009 It List, *High Life* (best pool) and *Surface* (best hotels of 2009). W Hong Kong is also a favourite with the local cultural community with its art, design and fashion elements.

The Group's portfolio of premium hotels will continue expanding over the next few years, both in Hong Kong and on the mainland. Construction of Ritz-Carlton at Kowloon Station will finish in 2010 and two hotels are under construction in Tseung Kwan O. On the mainland, the Group will open a first-class Ritz-Carlton at Shanghai IFC in 2010, in time to benefit from the 2010 Shanghai World Expo.



The Royal View Hotel offers innovative spa service to satisfy customers.

Property Related Businesses



Property management companies won awards for their premium service in offering green and comfortable living environment for residents.

Property Management

The Group believes in putting the customer first and offering the finest products and service. Its property-management subsidiaries the **Hong Yip Service Company Limited** and **Kai Shing Management Services Limited** manage a combined 229 million square feet of residential, commercial and industrial premises containing over a quarter of a million households. The companies maintained their dedication to enhancing service quality during the year under review and won numerous awards for customer care and creating green, comfortable living environments.

Hong Yip and Kai Shing are well established in the local property-management industry, providing comprehensive and innovative service. They pioneered the idea of concierges in residential and commercial developments to offer added convenience to customers and further enhanced the service during the year under review. They provide frontline staff with professional training so that they can deliver top-notch service to residents and tenants. The companies won many awards over the year, including accolades for best employer, excellent service brand and property management. Hong Yip is the only property-management company with ISO27001 Information Security Management System certification.

The companies follow green property management principles. They run recycling programmes in the estates they oversee and use effective conservation measures to save energy and water. They employ landscaping experts to maintain lush green environments for residents. The year under review saw Hong Yip and Kai Shing gain widespread recognition for their initiatives on energy and waste reduction, environmental sustainability and green education.



The property management companies provide comprehensive Home Convenience Service for residents.



Guards perform patrol duties with dogs in office buildings for security enhancement.

Hong Yip and Kai Shing manage the Group's projects and some estates for outside interests. Hong Yip has 22 outside management contracts involving over 2,000 units in 2008, including a number of up-market developments. Both Hong Yip and Kai Shing are extending their presence on the mainland with projects including The Woodland in Zhongshan and Shanghai IFC. The companies will also manage future mainland developments such as Jovo Town in Chengdu, The Arch and Lake Dragon in Guangzhou.

Premises Managed by the Group

million square feet



Well-trained staff provide excellent service.



Room service in some estates makes life more comfortable for residents.

Property Related Businesses



The Group is building various developments with the finest quality: Park Island Phase 6 on Ma Wan (left) and Aria in Kowloon (right).

Construction

The construction division completed projects totaling 3.2 million square feet of floor area during the year, including Peak One, Sky One, Park Island Phase 6, One Hyde Park, La Grove and International Commerce Centre (ICC) Phase 2. The division achieved turnover of HK\$8,804 million (on a progressive completion basis). Another HK\$36 million was recorded by joint venture companies.

Major residential developments in progress include The Latitude, YOHO Midtown, Aria, and projects at Ap Lei Chau Inland Lot 129 and Kowloon Inland Lot 11146, villa developments in Kwu Tung and on Tsing Lung Tau Lot 68, as well as office developments One Harbour East in Kwun Tong, ICC Phase 3 and a Ritz-Carlton Hotel. A number of other projects involving additions and alterations are also under way.

The construction division has multiple subsidiaries operating in related businesses: the Everlight Engineering Company Limited, Everfield Engineering Company Limited, Eversun Engineering Company Limited, Aegis Engineering Company Limited, and Sanfield Landscape Company Limited. They provide various construction-related services to the Group and outside clients, including electrical and fire prevention systems, construction plant and machinery and landscaping. The division also supplies concrete to the Group and external contractors through an associate Glorious Concrete (HK) Limited.

Financial Services

The financial services division is made up of the Hung Kai Finance Company Limited and Honour Finance Company Limited. It offers mortgage servicing, home mortgages, deposit taking and other services to support the Group's property development business. The division remained profitable despite a downturn of the economy.

Insurance

Sun Hung Kai Properties Insurance Limited celebrated its 30th anniversary this year. The global financial turmoil that began in 2008 had a negligible impact on the company during the year under review. Its turnover slightly dropped as compared with previous year but registered a higher overall profit. The company continues to aim for steady growth through the diversification of products and strengthening market distribution channels.

Telecommunications and Information Technology



SmarTone acquired new spectrum for future business development and better-quality service.



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

Telecommunications

Intense price competition in the Hong Kong telecommunications market and the global economic downturn precipitated a notable decline in profit during the year under review for **SmarTone** as service revenue decreased.

SmarTone expanded into the fixed broadband market by leveraging on its superior HSPA network and distribution channel in Hong Kong. This innovative service enables everyone at home to be online at the same time. Market response has been encouraging since the debut in May 2009.

The upgrade of SmarTone's core network to all-IP continued during the year under review. The company acquired additional spectrum in the 1800 MHz frequency band at an auction in June 2009. Together with the existing spectrum, the implementation of 4G LTE on 1800 MHz offers the benefits of superior radio in-building coverage compared with implementing 4G LTE on 2500/2600 MHz.

Compelling and differentiated service propositions, superior network performance and strong financial position enable SmarTone to meet customers' total communications needs spanning the mobile, fixed-line and broadband markets. The Group remains confident in the prospects for SmarTone and will continue to hold its stake in the company as a long-term strategic investment.

Information Technology

SUNeVision continued to be profitable during the year. Revenue increased by 28.5 per cent over the previous financial year, as a result of higher income from its data centre and last-mile connectivity businesses.

iAdvantage carried on investing in quality infrastructure and reinforced its leading market position in carrier-neutral data centre facilities and service to meet the increasingly stringent requirements of global financial firms, telecommunications and IT providers, multinational corporations and the public sector. Overall data centre occupancy was approximately 77 per cent.

The company's last mile connectivity and property-related technology businesses continued to deliver quality services.

Transportation, Infrastructure and Logistics



Transport International Holdings provides premium service with its modern bus fleet and well-trained staff.



Route 3 (CPS) is a convenient link for commuters. Traffic remained steady.

Franchised Bus Operation

Transport International Holdings Limited (TIH) is a publicly-listed company that is primarily a franchised public bus operator in Hong Kong. The Group owns 33.3 per cent of TIH. Its franchised bus operations in Hong Kong have been affected by intensifying competition from rail lines, higher unemployment rates and the economic downturn. The easing of oil prices from the record high in mid 2008 offered some relief, but renewed increases in recent months have again dented the company's financial performance. On a positive note, TIH retains the financial strength to pursue diversification into related business. TIH owns a 73 per cent interest in RoadShow Holdings Limited, which is primarily engaged in media sales in Hong Kong and on the mainland.

Toll Road

The Group has a 70 per cent interest in the Route 3 (CPS) Company Limited. The company operates the strategic north-south expressway between Yuen Long and Ting Kau under a 30-year build-operate-transfer franchise that runs to 2025.

The dual three-lane expressway consists of the 3.8-kilometre Tai Lam Tunnel and 6.3-kilometre Tsing Long Highway. It provides a direct link from Lok Ma Chau and the northwest New Territories to the container ports in Kwai Chung, Hong Kong International Airport, Disney theme park and the urban areas. It alleviates traffic congestion on Tuen Mun Road and the Tolo Highway, and provides a faster, safer and more convenient link for commuters. Traffic and revenue remained steady during the year.



The Wilson Group manages over 400 car parks with 137,000 bays in Hong Kong.



Wilson Parking obtained ISO certification from the Hong Kong Quality Assurance Association for its Integrated Management system.

Transport Infrastructure Management

The Group's 100 per cent ownership of the **Wilson Group** gives it an important stake in Hong Kong's car parking industry and tunnel, bridge and tollway infrastructure.

Wilson Parking is in its 25th year and is an industry leader with its superior performance and excellent service record. The company secured several new public and private parking contracts that boosted its market share to 414 car parks and 137,000 bays. Its recent agreement with CLP Power to install charging stations in car parks for electric vehicles leads the way in Hong Kong. Wilson Parking also obtained ISO certification from the Hong Kong Quality Assurance Association for its Integrated Management system.

The Wilson Group's transport infrastructure business has managed and maintained the Tsing Ma Control Area since this strategic link opened, and its tollways division was awarded the contract to carry out the same duties in the adjacent Tsing Sha Control Area. The Sha Tin to Cheung Sha Wan section of this new road has already opened and the Cheung Sha Wan to Tsing Yi section is scheduled to open by late 2009. Other key tollways under Wilson Group management include the 10.1km Route 3 (Country Park Section).

Parking Systems and SkiData Parking Systems supply a full range of equipment. Parking Systems won a contract to supply the Hong Kong Police with its first tripod speed enforcement cameras during the year, and Autotoll (50 per cent owned by the Wilson Group) remained the leader in automatic toll collection.

The Wilson Group continues to expand its mainland China and Macau business, providing equipment and car park management for Shanghai IFC and a people-access system for Macau's City of Dreams. Autotoll has also formed a joint-venture company in Guangdong to provide telematics and intelligent transport solutions in mainland China.

Port Business

The Group owns 50 per cent of the River Trade Terminal Company Limited. The facility occupies a 65-hectare site in Tuen Mun with 49 berths along 3,000 metres of quay front. The company provides container handling and storage, a container freight station and other port-related services. It is an important hub for river trade vessels in the Pearl River Delta, handling over two million TEUs in 2008.

The Group also owns the Hoi Kong Container Services Company Limited in Kwai Tsing. The company is a leading midstream operator in Hong Kong, managing a 3.3-hectare terminal with four berths that provide cost-effective and comprehensive container-related handling service to intra-Asia shipping lines. Hoi Kong processed close to a million TEUs in 2008.

Transportation, Infrastructure and Logistics



Planning for a third hangar at the Hong Kong Business Aviation Centre is progressing well.



The Airport Freight Forwarding Centre maintained steady revenue and operating profit.

Airport Transport and Logistic Business

The Airport Freight Forwarding Centre Company Limited operates a premier air freight facility at Hong Kong International Airport with over 1.5 million square feet of warehouse space and offices. Despite the world-wide contraction in air cargo shipments during the year, the company maintained steady revenue and operating profits.

The company is conveniently located next to the two existing air cargo terminals. Major infrastructure projects being planned, in particular the Hong Kong-Zhu Hai-Macau bridge and related roads linking the airport with Tuen Mun, can only enhance its attractiveness for the world's leading freight forwarders and logistics companies as the global economy recovers.

Sun Hung Kai Logistics Holdings Limited and Expresslink Logistics Limited are Group subsidiaries offering comprehensive and efficient air cargo support services such as palletization, storage, collection and delivery.

The Hong Kong Business Aviation Centre Limited holds the franchise to serve private aircraft flying in and out of Hong Kong. Flight movements in this past year declined with the weakened world economy, but prospects for growth are good. Therefore, negotiations with the Hong Kong Airport Authority for the construction of a third hangar continue. The Group owns 35 per cent of the company.

Waste Management

The Group contributes to environmental protection through its 20 per cent ownership of Green Valley Landfill Limited and South China Transfer Limited. Both companies work to provide a cleaner and greener environment for the community.

Green Valley has the capacity to handle 43 million cubic metres of waste at the 100-hectare South East New Territories Landfill it operates in Tseung Kwan O. The company is working with the Hong Kong and China Gas Company Limited to construct a landfill gas plant that will transform gas produced at the landfill site into usable fuel for a greener environment for Hong Kong. The project is tentatively scheduled to be commissioned in 2012.

South China operates the largest refuse transfer station on Stonecutters Island, processing 2,600 tonnes of waste per day. It also operates a new grease trap treatment facility. The facility can process 400 tonnes of grease per day from restaurants and grease collectors. The processing yields a by-product of industrial-grade biofuel.

Corporate Finance

The Group's strong financial position is evident from its low gearing and high multiple of interest coverage. Net debt to shareholders' funds stood at a low 15.2 per cent as at June 2009. This and over HK\$10,000 million in cash from Hong Kong property sales to be received before the middle of 2010 will further strengthen the Group's financial position for long-term development.

All the Group's funding arrangements were well received, including RMB bank loans on the mainland. The Group was able to renew its credit lines and acquire ample new facilities at very favourable terms despite the volatile market, so it continued to maintain substantial stand-by banking facilities on a committed basis to meet business requirements. The Group has issued some HK\$2,938 million in three-to-ten year bonds through its Euro Medium Term Note programme so far this year, to extend its debt maturities and funding sources.

The overwhelming majority of the Group's borrowings are denominated in Hong Kong dollars, so they carry minimal foreign exchange risk. In keeping with its conservative financial policies, the Group has not entered into any derivative or structured-product transactions for speculative purposes.

The Group has consistently maintained its high credit ratings; A1 with a stable outlook from Moody's and A with a stable outlook from Standard & Poor's. These are the highest ratings among local developers, reflecting the Group's robust financial position.

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

Customer Service

The Group puts customers first. It is dedicated to offering the finest property management service and listening to what people want, as well as providing harmonious, green environments to promote healthy living.

Farm plots in some Group residences



Customer Service



The SHKP Club offers members a wide range of property-related activities and privileges, including popular show flat previews in Hong Kong and mainland.



The Group believes in providing the finest service to its customers and introducing innovative ideas in response to the changing marketplace. This pursuit of excellence has earned it a trusted reputation for quality.

The Group offers customers trend-setting products and services. It emphasizes two-way communication; collecting feedback through different channels including regular customer surveys and the Group's online forum that allows people to offer their opinions and make enquiries at any time. The Group has a designated team to respond to feedback, and it considers worthwhile suggestions for improvement. It also encourages staff to enhance service quality and all-round customer satisfaction.



Concierge service in the Group's commercial properties is praised by tenants.



Regular opinion surveys help the Group track market trends.



New flats are checked by a professional team to ensure that fittings and finishes meet the highest standards before buyers take possession.

With stringent monitoring of the whole construction process, the Group ensures that the homes it builds are of the finest quality. It has inter-departmental teams to provide comprehensive service and check on new flats to make sure they meet exacting standards before owners take possession, reflecting the concern for customers. The Group's property-management subsidiaries Hong Yip and Kai Shing provide innovative service in response to market trends, in a new approach to property management in Hong Kong. These include the popular Home Convenience Service and other customer-oriented services. The two companies are highly praised and won numerous awards from professional organizations and the media during the year.

The Group offers premium service in its mainland properties to enhance quality of life, along with specialized services in response to different market needs. These are highly appreciated by mainland customers and have received awards from government authorities.



Comprehensive and caring handover service earns high praise from owners.

Stationing concierges in its office developments in recent years, the Group provides comprehensive and innovative quality service, earning extensive acclaim. It was the first with customer care ambassadors in its shopping centres over ten years ago, setting the standard for Hong Kong malls. A customer care ambassador poll during the year drew enthusiastic participation from shoppers.

The SHKP Club was established 13 years ago to facilitate effective communication between the Group and the market, and it now has over 290,000 members. The Club offers members property information and updates, exclusive previews of the Group's newest properties and property discounts, all of which are highly appreciated. The Club will continue to refine its service quality, collect customer feedback, enhance communications and offer tailor-made service to its members.



Shopping centres provide recycled bags to customers in response to community wishes.



Regular activities in Group estates promote better communication with residents.