



SUN HUNG KAI PROPERTIES LIMITED

2009/10

Annual Report

Stock Code : 16

Contents

2	Board of Directors and Committees
3	Corporate and Shareholders' Information
4	Financial Highlights and Land Bank
6	Group Financial Summary
7	Corporate Structure
8	Chairman's Statement
16	Review of Operations
42	Corporate Governance
47	Investor Relations
48	Corporate Social Responsibility
51	Financial Review
53	Directors' Report
70	Directors and Organization
87	Financial Contents

Board of Directors and Committees

Board of Directors

Chairman Kwong Siu-hing (*Non-Executive Director*)

Executive Directors Kwok Ping-kwong, Thomas (*Vice Chairman & Managing Director*)
Kwok Ping-luen, Raymond (*Vice Chairman & Managing Director*)
Chan Kai-ming
Chan Kui-yuen, Thomas
Kwong Chun
Wong Chik-wing, Mike
Chan Kwok-wai, Patrick (*Chief Financial Officer*)

Non-Executive Directors Lee Shau-kee (*Vice Chairman*)
Kwok Ping-sheung, Walter
Woo Po-shing
Kwan Cheuk-yin, William
Lo Chiu-chun, Clement
Wong Yick-kam, Michael
Woo Ka-biu, Jackson (*Alternate Director to Woo Po-shing*)

Independent Non-Executive Directors Yip Dicky Peter
Wong Yue-chim, Richard
Li Ka-cheung, Eric
Fung Kwok-lun, William

Committees

Audit Committee Li Ka-cheung, Eric*
Yip Dicky Peter
Wong Yick-kam, Michael

Remuneration Committee Wong Yue-chim, Richard*
Lo Chiu-chun, Clement
Li Ka-cheung, Eric

Nomination Committee Wong Yue-chim, Richard*
Kwan Cheuk-yin, William
Yip Dicky Peter

Executive Committee Kwok Ping-kwong, Thomas
Kwok Ping-luen, Raymond
Chan Kai-ming
Chan Kui-yuen, Thomas
Kwong Chun
Wong Chik-wing, Mike
Chan Kwok-wai, Patrick

* *Committee Chairman*

Corporate and Shareholders' Information

Corporate Information

Company Secretary

Yung Sheung-tat, Sandy

Auditors

Deloitte Touche Tohmatsu

Registered Office

45th Floor, Sun Hung Kai Centre
30 Harbour Road
Hong Kong
Telephone : (852) 2827 8111
Facsimile : (852) 2827 2862
Website : www.shkp.com
E-mail : shkp@shkp.com

Share Registrars

Computershare Hong Kong
Investor Services Limited
Shops Nos. 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Solicitors

Woo, Kwan, Lee & Lo
Mayer Brown JSM
Winston Chu & Company
Clifford Chance

Principal Bankers

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
The Bank of Tokyo
— Mitsubishi UFJ, Ltd
Sumitomo Mitsui Banking Corporation
Industrial and Commercial Bank of China
Mizuho Corporate Bank, Ltd
Bank of Communications
BNP Paribas
Hang Seng Bank Limited
The Bank of East Asia, Limited

Shareholders' Information

Share Listing

The Company's shares are listed on The Stock Exchange of Hong Kong and are traded over the counter in the United States in the form of American Depositary Receipts (ADR)

Stock Code

The Stock Exchange of Hong Kong : 16
Bloomberg : 16 HK Equity
Reuters : 0016.HK
Trading Symbol for ADR : SUHJY
CUSIP : 86676H302

Investor Relations Contact

Telephone : (852) 3766 5787
Facsimile : (852) 2827 0676
E-mail : ir@shkp.com

Financial Calendar

Financial Calendar for 2009/10

Interim results announcement	11 March 2010
Interim dividend paid	4 May 2010
Annual results announcement	20 September 2010
Closure of register of members	25 November 2010 – 2 December 2010 (both days inclusive)
Annual general meeting	2 December 2010
Final dividend payable	6 December 2010

Choice of language or means of receipt of corporate communications

This annual report is now available in printed form in English and in Chinese, and on the website of the Company.

If (i) shareholders who have received or chosen to receive a printed copy of this annual report wish to receive the same in the other language to that chosen by the shareholders; or (ii) shareholders who have received or chosen to receive this annual report by electronic means wish to receive a printed copy, or who for any reason have difficulty in receiving or gaining access to this annual report on the Company's website, they may obtain the same free of charge by sending a request to the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, by post to 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email at shkp@computershare.com.hk.

For shareholders who wish to change their choice of language or means of receipt of the Company's future corporate communications free of charge, they could at any time notify the Company's Share Registrars by post or by email.

Financial Highlights and Land Bank

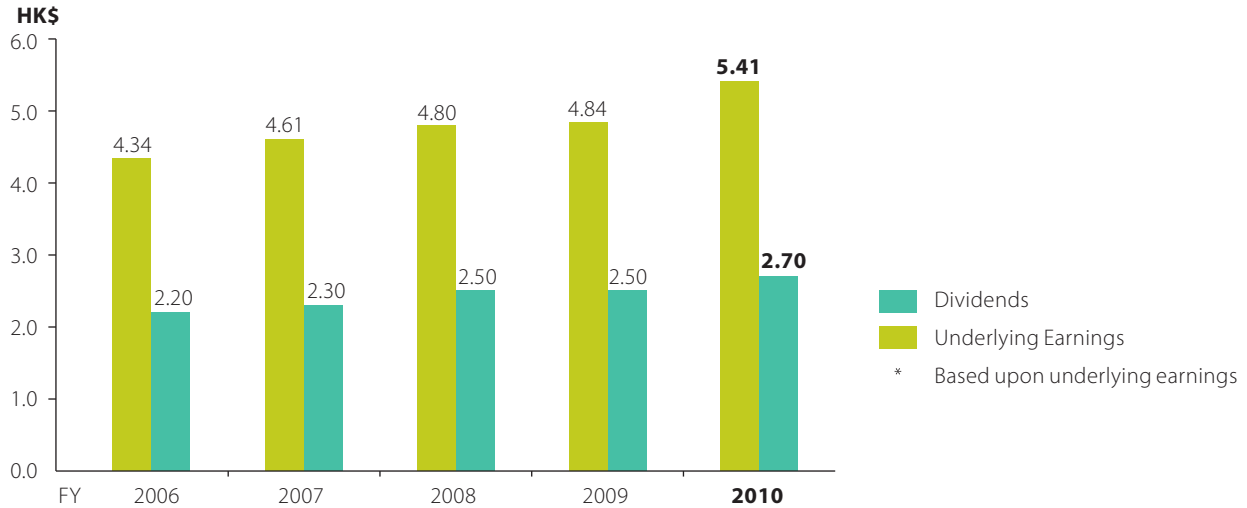
For the year ended 30 June	2010	2009	Change (%)
Financial Highlights (HK\$ million)			
Revenue	33,211	34,234	-3.0
Profit attributable to the Company's shareholders			
– Reported	28,043	10,356	+170.8
– Underlying ¹	13,883	12,415	+11.8
Gross rental income ²	11,082	9,763	+13.5
Net rental income ²	8,314	7,271	+14.3
Financial Ratios			
Net debt to shareholders' funds (%)	15.2	15.2	—
Dividend payout (%)	49.9	51.7	-1.8 ³
Financial Information per Share (HK\$)			
Earnings per share for profit attributable to the Company's shareholders			
– Reported	10.93	4.04	+170.5
– Underlying	5.41	4.84	+11.8
Dividends			
– Interim dividend	0.85	0.80	+6.2
– Final dividend	1.85	1.70	+8.8
– Full-Year	2.70	2.50	+8.0
Shareholders' funds	95.36	86.69	+10.0
Land Bank in Hong Kong (gross floor area in million square feet)			
Properties under development ⁴	16.6	15.9	+4.4
Completed investment properties	27.6	26.0	+6.2
Total	44.2	41.9	+5.5
Land Bank on the mainland (gross floor area in million square feet)			
Properties under development	76.8	52.3	+46.8
Completed investment properties	5.5	3.0	+83.3
Total	82.3	55.3	+48.8

Notes:

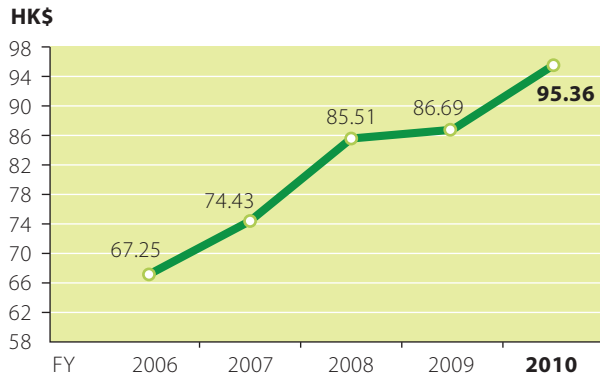
- 1 Underlying profit attributable to the Company's shareholders excluded the effect of fair value change on investment properties
- 2 Including contributions from jointly controlled entities and associates
- 3 Change in percentage points, dividend payout based upon underlying profit
- 4 Excluding about 26 million square feet of agricultural land in terms of site area

Financial Highlights and Land Bank

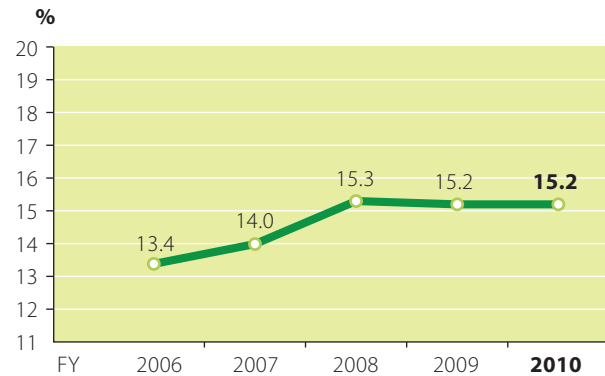
Underlying Earnings and Dividends per Share*



Shareholders' Funds per Share

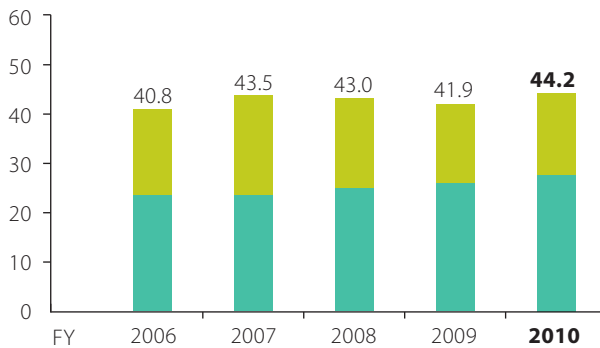


Net Debt to Shareholders' Funds Ratio



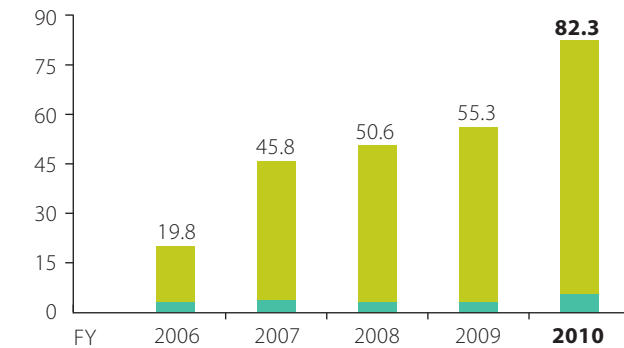
Land Bank in Hong Kong

million square feet



Land Bank on the mainland

million square feet



Properties Under Development

Completed Investment Properties

Group Financial Summary

Key Financial Information and Ratios

Financial year	2010	2009	2008	2007	2006
	HK\$	HK\$	HK\$	HK\$	HK\$
Reported earnings per share	10.93	4.04	10.87	8.52	8.23
Underlying earnings per share	5.41	4.84	4.80	4.61	4.34
Dividends per share	2.70	2.50	2.50	2.30	2.20
Shareholders' funds at book value per share	95.36	86.69	85.51	74.43	67.25
Net debt / Shareholders' funds (%)	15.2	15.2	15.3	14.0	13.4
Interest cover (times) ³	15.9	13.7	7.6	9.2	9.9

Key Income Statement Items

For the year ended 30 June	2010	2009	2008	2007	2006
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Revenue	33,211	34,234	24,471	30,994	25,598
Operating profit before change in fair value of investment properties	13,842	13,983	10,728	11,562	12,314
Operating profit after change in fair value of investment properties	30,311	11,329	22,934	20,466	21,424
Profit attributable to the Company's shareholders	28,043	10,356	27,602	21,226	19,850
Underlying profit attributable to the Company's shareholders ²	13,883	12,415	12,186	11,495	10,468

Key Statement of Financial Position Items

As at 30 June	2010	2009	2008	2007	2006
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Investment properties and fixed assets ¹	200,826	180,205	175,610	151,995	129,024
Associates and jointly controlled entities	32,481	28,842	31,193	23,098	24,046
Other financial assets and loans	3,900	3,418	5,259	7,417	4,776
Intangible asset ¹	4,357	4,647	4,971	5,258	5,514
Net current assets	65,170	68,615	64,888	50,667	48,854
Non-current liabilities	(56,870)	(58,807)	(57,864)	(49,940)	(41,667)
Net assets	249,864	226,920	224,057	188,495	170,547
Share capital	1,285	1,282	1,282	1,246	1,246
Share premium and reserves	243,793	220,986	217,968	184,230	166,283
Shareholders' funds	245,078	222,268	219,250	185,476	167,529
Non-controlling interests	4,786	4,652	4,807	3,019	3,018
Total Equity	249,864	226,920	224,057	188,495	170,547

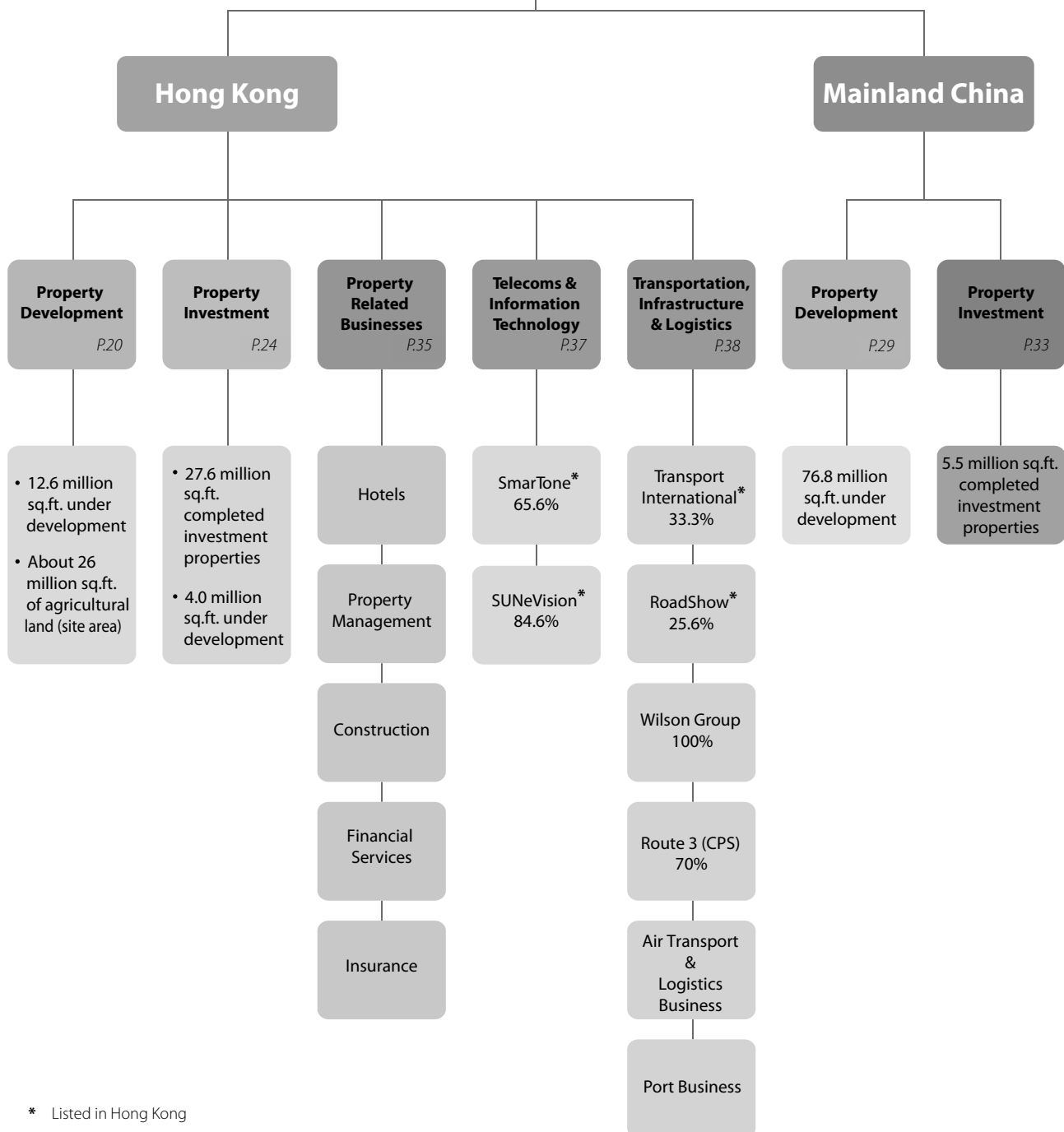
Notes:

- Figures of fixed assets and intangible assets for the years 2006 to 2008 have been restated to reflect the Group's adoption of HK(IFRIC) – 12 "Service Concession Arrangements"
- Underlying profit attributable to the Company's shareholders excluded the effect of fair value changes on investment properties
- Interest cover represents operating profit before change in fair value of investment properties divided by net interest expenses before capitalization

Corporate Structure

Sun Hung Kai Properties*

As at 30 June 2010



* Listed in Hong Kong

Chairman's Statement

I am pleased to present my report to the shareholders.

Results

The Group's underlying profit attributable to the Company's shareholders for the year ended 30 June 2010, excluding the effect of fair-value changes on investment properties, was HK\$13,883 million, an increase of 12 per cent from last year. Underlying earnings per share were HK\$5.41, an increase of 12 per cent from last year.

Reported profit attributable to the Company's shareholders was HK\$28,043 million, compared to HK\$10,356 million last year. Earnings per share were HK\$10.93, an increase of 171 per cent from last year. The reported profit for the year included a revaluation surplus (net of deferred taxation) on investment properties of HK\$14,965 million compared to a revaluation deficit (net of deferred taxation) of HK\$2,014 million last year.

Dividend

The directors have recommended the payment of a final dividend of HK\$1.85 per share for the year ended 30 June 2010. Together with the interim dividend of HK\$0.85 per share, the dividend for the full year will be HK\$2.70, an increase of eight per cent over last year.

Business Review

Property Sales

Revenue from property sales for the year as recorded in the accounts, including revenue from joint-venture projects, was HK\$15,027 million, a decrease of 12 per cent over last year. The Group sold or pre-sold an attributable HK\$23,218 million worth of properties in the year under review, as compared to last year's HK\$25,674 million. Sales of Hong Kong properties amounted to HK\$20,562 million, mostly from YOHO Midtown in Yuen Long, Aria and The Latitude in Kowloon and The Cullinan at Kowloon Station. The remaining HK\$2,656 million was from mainland and Singapore properties, including Lake Dragon in Guangzhou and Orchard Residences in Singapore. The Group has sold or pre-sold over HK\$8,000 million worth of properties in Hong Kong since July 2010, mainly in Lime Stardom in Kowloon and Larvotto in Island South. Nearly 95 per cent of the units in these projects have been sold.

Property Business – Hong Kong

Land Bank

The Group added six new sites to its development land bank during the year through various means, including land use conversion and auction. The total developable gross floor area amounted to 4.8 million square feet in attributable terms.

Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Yuen Long Town Lot 507	Residential/Shopping centre	100	2,319,000
Kowloon Inland Lot 11175 Ho Man Tin	Residential	100	869,000
Tseung Kwan O Area 66B	Residential/Shopping centre	100	728,000
Lot 5371 in DD 116 Ha Yau Tin, Yuen Long	Residential	100	233,000
Lot 495 in DD 399 Casam Beach, Ting Kau	Residential	100	78,000
Kwun Tong Inland Lot 240	Industrial *	50	575,000
Total			4,802,000

* application for conversion to office use in process

Chairman's Statement

These new acquisitions brought the Group's land bank in Hong Kong to 44.2 million square feet in June 2010, comprising 27.6 million square feet of completed investment properties and 16.6 million square feet of properties under development. The Group also holds approximately 26 million square feet of farmland in terms of site area. Most of this is along existing or planned rail lines in the New Territories and is in the process of land use conversion. A number of pieces of farmland in particular are in the land premium negotiation stage. The Group will replenish its development land bank through various means when appropriate opportunities arise. The current land bank is sufficient to meet the Group's development needs for the next five years.

Property Development

The Hong Kong residential market performed well in terms of prices and volume up to mid August but was affected by the latest government measures to dampen investment-related demand in the past month or so. Homebuyers became generally cautious, leading to fewer transactions and softening asking prices. The response to recent land auctions by contrast has been quite encouraging, with record land prices.

The Group's respected brand gives homebuyers confidence and enhances the marketability and margins on new projects, as demonstrated by its encouraging sales and premium prices on new projects.

Offering customers high-quality developments with elegant designs, top materials and finishes and efficient layouts keeps the Group ahead of its competitors. Its developments appeal to all segments of the market from stylish boutique apartments to large estates with comprehensive facilities and distinctive luxury residences. The Group also makes a wide range of flat sizes available, including contemporary studio flats, typical two-and three-bedroom apartments and deluxe specialty units to meet the needs of different homebuyers.

The Group's developments come with a full range of tailored services and facilities to fulfil residents' lifestyle aspirations, with trend-setting features and green elements in new projects.

The Group completed seven projects with 4.1 million square feet of attributable gross floor area in Hong Kong during the year, of which 2.2 million square feet are residential. International Commerce Centre (ICC) will be kept as a long-term investment.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
YOHO Midtown	9 Yuen Lung Street Yuen Long	Residential/ Shopping centre	100	1,663,000
Valais	28 & 33 Kwu Tung Road Sheung Shui	Residential	100	683,000
Peak House	68 Mei Tin Road Sha Tin	Residential	100	33,000
GreenView	148 Fuk Hang Tsuen Road Tuen Mun	Residential	100	27,000
—	Tsing Lung Tau Lot 68	Residential	100	9,000
One Harbour East	108 Wai Yip Street Kwun Tong	Office	100	292,000
ICC Phase 3 & Ritz-Carlton Hotel	1 Austin Road West Kowloon	Office / Hotel	Joint Venture	1,390,000
Total				4,097,000

Chairman's Statement

Property Investment

The Group's gross rental income, including contributions from joint-venture projects, increased by 14 per cent to HK\$11,082 million. Net rental income increased by 14 per cent to HK\$8,314 million.

The increase in rental income of the Group was primarily driven by higher rents on renewals and new leases for retail and office space, plus an increased contribution from ICC. Occupancy of the Group's rental portfolio stayed high at 94 per cent.

Leasing demand for various types of properties has been picking up. Spot rents for office space were up as firms, particularly financial institutions, took steps to expand and retail rents rose steadily, fuelled by increased sales and optimism from retailers. The better job market in Hong Kong supported domestic consumption and mainland visitor spending also contributed to higher sales.

The completion of ICC makes it the city's tallest building, and about 95 per cent of the close to 2.5 million square feet of top-quality office space is already leased. ICC appeals to multinationals and investment banks with its convenient transportation and first-class facilities. It also offers attentive service to meet the operational requirements of global financial firms. Two of the three major tenants have moved in and the third will move in during the first quarter of 2011. The Ritz-Carlton Hotel with 312 suites and rooms covering a gross floor area of over 400,000 square feet will open in early 2011 and will be the world's tallest hotel, making a prestigious addition to the Group's hotel portfolio.

The Sky 100 ICC observation deck will be ready for visitors in the final quarter of 2010. This will be the highest indoor observation deck in Hong Kong with a spectacular 360-degree view of the city and beyond from the 100th floor, complemented by fine restaurants on the 101st floor. This new attraction will be a boost to Hong Kong tourism.

The Group is working on the second tower of Kowloon Commerce Centre (KCC) in Kowloon West. It will be similar to the 35-storey grade-A Tower One office building, with over 500,000 square feet of floor space set for completion in 2013. There will be an air-conditioned footbridge so that people can get to the MTR station from the office lobby in a few minutes, plus comprehensive transport with fast links to Hong Kong International Airport, the mainland border and Kwai Chung terminals.

The Group's retail portfolio did well during the year. Malls continued to benefit from the increase in mainland visitor spending and increased domestic consumption with the improved job market. The Group continued to stage new initiatives to attract more local and mainland visitors, including promotions to boost traffic flow and shopping tours to tap the growing pool of mainlanders.

Regular renovations to the Group's retail portfolio are carried out to keep it competitive. Landmark North in Sheung Shui has a new mix of shops and near full occupancy after a major upgrade, and APM in Millennium City Phase 5 in Kowloon East is also undergoing an enhancement. The Group will continue to review its tenant composition from time to time to boost pedestrian flows.

The Group's newest shopping and entertainment attraction Mikiki is scheduled to open in the second quarter of 2011. This will be the retail podium of The Latitude with 205,000 square feet of space targeting young customers with a premium shopping experience.

The Group will create a million-square-foot shopping and entertainment hub at the heart of Yuen Long comparable to New Town Plaza in Sha Tin. It will develop a shopping mall at Yuen Long Town Lot 507 of 471,000 square feet linked to YOHO Midtown and Sun Yuen Long Centre. These malls are located in mid-town Yuen Long next to a West Rail MTR station. It takes only about 20 minutes to reach the core areas of Kowloon by rail. The Group is also developing a 269,000-square-foot shopping mall next to the West Rail Tuen Mun Station.

The Group's deluxe serviced suites at IFC Four Seasons Place and The HarbourView Place at Kowloon Station offer unparalleled luxury living and premium service. They continued to record high occupancy and increased rents during the year. The convenient locations and wide range of unit sizes attract guests from around the world.

Chairman's Statement

Property Business – Mainland and Singapore

Land Bank

The Group's new acquisitions on the mainland during the year included an 80 per cent interest in two adjacent sites with a combined total gross floor area of 30 million square feet in the central district of Foshan. These sites will be developed into a large complex comprising mainly premium residences. It will be served by a new rail line linking Foshan town centre to downtown Guangzhou that is expected to start running in 2012. The Group also has a 70 per cent interest in a luxury residential joint-venture project of two million square feet at Linhecun in Tianhe, Guangzhou's business hub and traditional high-end residential area. Its close proximity to the Guangzhou East railway station offers the convenience of quick access to Hong Kong and other parts of the Pearl River Delta.

The Group's mainland land bank amounted to an attributable 82.3 million square feet as at June 2010. Close to 80 per cent of the 76.8 million square feet of properties under development will be high-end residences and serviced apartments. The rest will be top-grade offices, shopping malls and premium hotels. The remaining 5.5 million square feet of completed investment properties, mainly offices and shopping centres in prime locations in Shanghai and Beijing, are being held for rent.

Property Development

Residential markets in major mainland cities started to consolidate in early 2010 as a result of a series of Central government tightening measures, after having seen strong performance in 2009. Transaction volume shrank significantly and prices came under pressure after April, but overall market conditions have improved recently. The current policy tightening should nevertheless help underpin sustainable and healthy market development over the longer term.

Capitalizing on its expertise in Hong Kong, the Group focuses on developing high-end residences on the mainland. Homebuyers are generally impressed with the outstanding quality and design of its developments. The Group recorded satisfactory property sales and pre-sales in Guangzhou, Wuxi and Chengdu during the year, particularly for the second half of 2009, before the market went into consolidation. Three projects with 4.1 million square feet of attributable gross floor area were completed on the mainland during the year, of which close to one million square feet are residential.

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Shanghai IFC Phase 1	8 Century Avenue, Lujiazui, Shanghai	Office/ Shopping centre/ Hotel	100	2,454,000
Hangzhou MIXC Phase 1	Qianjiang New City, Hangzhou	Residential/ Shopping centre	40	1,111,000
Taihu International Community Phase 2	Taihu New City, Wuxi	Residential	40	506,000
Total				4,071,000

Construction of a 1.7 million-square-foot luxury residential development with a magnificent view of the Bund at Wei Fong in Shanghai is under way. The development will be completed in phases with the first phase, containing nearly 200 world-class luxury residences, scheduled to go on sale in mid 2011. This initial phase will have over 500,000 square feet of gross floor area and is scheduled for completion in 2013. Other residential projects under development on the mainland are also progressing as planned.

The construction of Orchard Residences, a top-end luxury residential development in Singapore with over 400,000 square feet of gross floor area, finished in the third quarter of 2010. About 90 per cent of the units in the development have been sold; some at record prices for Singapore. The Group has a 50 per cent interest in this project.

Chairman's Statement

Property Investment

The Group's new Shanghai IFC complex has more than four million square feet of gross floor area in two grade-A office towers, a world-class mall, deluxe IFC Residence serviced suite hotel and the new Ritz-Carlton Shanghai, Pudong. HSBC China has its head office in 22 floors of Tower One. The remaining office space is virtually fully leased with major tenants including noted companies from around the world. Tower Two with about 1.3 million square feet of gross floor area is scheduled for completion in the first half of 2011, and preliminary leasing is progressing smoothly with high interest from international and mainland companies.

The million-square-foot Shanghai IFC Mall opened in April this year to take advantage of the World Expo. The retail area is fully leased with over 170 top international stores, some of the world's finest restaurants, lifestyle shops and a deluxe cinema. Some of the retailers are famous brands opening for the first time on the mainland. Shanghai IFC Mall turns a new page in shopping elegance and offers patrons a brand new experience in China. The Ritz-Carlton Shanghai, Pudong with 285 luxury guest rooms and suites opened in June this year.

The Shanghai ICC development on Huai Hai Zhong Road in Xuhui near Luwan district, the heart of the commercial and retail zone in Puxi, is progressing smoothly. The project will have three million square feet of floor area with a leading shopping mall, two premium-quality office buildings and approximately 70 top luxury residences. The two office buildings will have 1.3 million square feet of gross floor area and the first tower of over 600,000 square feet is scheduled for completion in mid 2011. The shopping mall will cover 1.3 million square feet and preliminary marketing has started to a positive response, with many international retailers negotiating for space. Opening is scheduled for the end of 2011.

The full completion of Shanghai IFC in Pudong and Shanghai ICC in Puxi will add 2.5 million square feet of retail space, 2.9 million square feet of offices and 1.2 million square feet of hotels and service apartments to the Group's rental portfolio on the mainland. These top-quality premises will boost the Group's rental income from mainland operations significantly in the medium term.

The Group also completed a shopping mall in its 40-per-cent-owned Hangzhou MIXC joint venture in the Qianjiang New City central business district during the year. The retail mall covers 1.6 million square feet and had a soft opening in April this year. Over 95 per cent of the space is already leased.

The Group's 50-per-cent-owned ION Orchard, a world-class mall at the gateway of the Orchard Road shopping belt in Singapore, maintained a high occupancy of 97 per cent. Its innovative retail concept and diversified trade mix with leading international brands make it very popular.

Other Businesses

Hotel

Hong Kong's hotel sector recovered quickly over the past year. Tourist numbers from the mainland continued to see healthy growth, partly because of the measures allowing Shenzhen residents to visit Hong Kong more conveniently. Overseas travel numbers also returned to positive growth as the effects of the global financial crisis faded. Average occupancy of the Group's six existing hotels was close to 90 per cent during the year. Four Seasons was one of the best performers in the top-tier hotel segment, and the stylish W Hong Kong at Kowloon Station recorded significant growth in business during the period.

The Ritz-Carlton at Kowloon Station will be one of the most deluxe hotels in Hong Kong and the tallest hotel in the world when it opens in early 2011. The Group is also constructing two hotels above the Tseung Kwan O MTR station, with the first one planned for opening in 2012. These new developments will boost the Group's hotel portfolio and position it well to take advantage of business opportunities arising from Hong Kong's ongoing development as a major financial and business hub, and a primary tourist destination in the region.

The Group has extended its hotel portfolio into the mainland during the year. Ritz-Carlton Shanghai, Pudong, has been operating smoothly since its opening in June this year. This luxury hotel occupies the top 18 floors of Shanghai IFC Tower One. It has a contemporary style and its guest rooms and restaurants offer sweeping views of the Bund. The Group is also planning or is in the process of developing premium hotels in key cities including Guangzhou, Hangzhou, Suzhou and Chengdu. The expanded mainland hotel portfolio will enhance the value of the Group's development projects in these cities over time.

Chairman's Statement

Telecommunications and Information Technology

SmarTone

Growth in service revenue and cost savings resulted in a substantial increase in profit. Growth in data service revenue continued to be strong, driven by wider adoption of the company's data services with the proliferation of smart phones, mobile broadband and wireless fixed services. The Group is confident in SmarTone's prospects and will continue to hold the company as a long-term strategic investment.

SUNeVision

SUNeVision remained profitable during the year. iAdvantage strengthened its position in the carrier-neutral data centre market in Hong Kong and achieved good occupancy. SUNeVision will build on its solid financial position to further develop its core businesses in the coming year.

Transportation and Infrastructure

Transport International Holdings

Transport International Holdings' (TIH) franchised public bus operations in Hong Kong were adversely affected by the rebound of oil prices and a loss of passengers to the expanding railway network. TIH joint-venture companies in Beijing and Shenzhen operating taxi and public bus services made steady progress. RoadShow Holdings, a 73-per-cent-owned subsidiary of TIH, is mainly engaged in the media sales business.

Other Infrastructure Businesses

The Wilson Group performed well during the year. Business at the River Trade Terminal and Air Freight Forwarding Centre gained momentum due to the continuous recovery in the global economy. Traffic and toll revenue on the Route 3 (Country Park Section) remained stable. All the Group's infrastructure projects are in Hong Kong and will provide steady income streams over the long term.

Corporate Finance

The Group's healthy financial position is evidenced by its low gearing and high interest coverage, with net debt to shareholders' funds at a low 15.2 per cent at the end of June 2010. All these indicators demonstrate the Group's prudent financial management.

Response to the Group's five-year HK\$18,120 million syndicated loan facility in March 2010 was enthusiastic. The facility carried favourable terms and was used to repay short-term debts and provide working capital. The Group has ample committed banking facilities on a standby basis, putting it in a good position for future business expansion.

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

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

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

Customer Service

The Group makes customer service a top priority and is constantly exploring new ways to provide the finest customer care in every aspect of its operations.

Owners of the Group's new residential developments are pampered with comprehensive handover service, and they have the confidence that comes with knowing that each unit has been carefully inspected by the developer's professional Property Liaison Team. The Group's property management subsidiaries Hong Yip and Kai Shing provide top-notch after-sales service for residents, including concierges in residential and office developments and various offerings online via the Internet.

Chairman's Statement

As the Group expands its operations on the mainland, it is also transplanting its culture of service excellence. Customer service staff in Hong Kong and on the mainland receive extensive training to ensure the highest service standards. These efforts have earned substantial praise from residents and tenants and garnered many awards.

The SHKP Club was established to provide a channel for two-way communication with the market and now has over 300,000 members. The Club offers members a range of property-related benefits, shopping privileges and leisure and recreational activities.

Corporate Governance

The Group maintains high standards of corporate governance and efficient accountability mechanisms through an effective board, good internal control and a proactive investor relations programme.

The board directs and oversees the Group's strategies. There are Audit, Remuneration and Nomination committees chaired by independent non-executive directors. All of the company's executive directors sit on the Executive Committee that formulates business policies and makes decisions on key business issues.

The Group's commitment to good corporate governance has earned widespread recognition and major awards from the investment community. Accolades during the year include Best Office Developer Overall in Hong Kong, China and Asia and Best Developer Overall in Hong Kong by *Euromoney* magazine, Best Real Estate Company in Asia and Hong Kong's Best Managed Company by *FinanceAsia* magazine and Best in Asia from *Corporate Governance Asia* magazine for the fifth year running. It also won a platinum award for Excellence in Management and Corporate Governance from *The Asset* magazine. The Group will continue its efforts to stay at the forefront of best corporate governance practices.

Corporate Social Responsibility

The Group is committed to corporate social responsibility and it supports a wide range of charitable, environmental and educational initiatives. It was recently made one of the founding constituent companies in the new Hang Seng Corporate Sustainability Index in recognition of its social and environmental credentials.

The Group follows green policies in the design, construction and management of developments and encourages environmental awareness among its staff, residents and the public, both in Hong Kong and on the mainland. These efforts include energy-saving and waste-recycling programmes in commercial and residential developments, and special green features such as vertical gardens.

The SHKP Book Club contributes to society by encouraging reading with competitions, seminars, a free magazine, sponsorships and more, and the Group provides scholarships for talented students in Hong Kong and on the mainland. It additionally contributes to social harmony with community projects like the Ma Wan Island Noah's Ark theme park and encourages staff to become involved in community service. Its volunteer team has 1,600 members and is widely praised for the increasing number of hours it devotes to helping the less fortunate.

The Group believes that staff are its most important asset. It is constantly recruiting high-calibre graduates from local and mainland universities, and it provides comprehensive training to staff at all levels to help them fulfil their potential, including in-house courses, on-line learning and sponsorships for work-related study with various educational institutes.

Prospects

The global economic recovery is likely to continue amid support from major central banks in the form of abundant liquidity at low interest rates. This is notwithstanding various challenges and uncertainty arising from the possibility of a double-dip recession in the US and budget retrenchment in some European countries. By contrast, emerging economies including mainland China's are expected to remain relatively buoyant.

Economic momentum on the mainland has been robust this year and this is expected to continue, though some tightening measures were introduced in certain industries such as the residential property sector early this year. Continued growth in domestic consumer spending and follow-through of existing fixed investment projects will fuel economic expansion.

Chairman's Statement

Hong Kong's residential market is likely to see some volatility in the short term due mainly to the latest government measures to contain investment-related residential property demand. These measures, together with government plan to increase land supply that will translate into more new flats, should be conducive to healthy and sustainable development in the residential market over the medium to long term.

Despite the short-term uncertainty, demand fundamentals for residential properties in Hong Kong should remain solid and positive over the long term. While the job market is promising amid continued economic growth, affordability remains at reasonable levels. Mortgage interest rates remain attractive and banks' appetite for mortgage business continues to be good, despite the Hong Kong Monetary Authority's recent more stringent mortgage lending guidelines. In addition, buying interest from wealthy mainlanders will continue to rise over time.

The Group will focus on both asset turnover and growing recurrent income. It will continue to develop its property business in Hong Kong by adding new residential sites to its land bank through various means, particularly the conversion of farmland to residential sites. The Group's current land bank is sufficient to meet development needs for the next five years. It will also strengthen its leading position and sharpen its competitive edge by offering buyers the best products that feature modern designs, efficient layouts, comprehensive facilities and premium service.

New projects will be put on the market as planned. Major residential projects in Hong Kong to go on sale in the next nine months include the luxury Valais town houses at Beas River, Park Season* on Castle Peak Road, Park Nara and a project on Po Yip Street in Yuen Long and the residential towers of the major integrated project in Tseung Kwan O town centre.

The demand for commercial properties to lease, including retail and office space, is expected to rise. The retail market will continue to benefit from the robust increase in spending by mainland visitors and growing domestic consumption due to an improved job market. Growing business opportunities will also support the demand for office space. The rental portfolio is expected to continue to perform well given the better operating environment.

The Group will continue building high-quality commercial buildings and premium shopping malls. The million-square-foot shopping and entertainment hub consisting of the shopping mall at Yuen Long Town Lot 507 currently under development, YOHO Midtown and Sun Yuen Long Centre at the heart of Yuen Long will be a future landmark in the northwest New Territories. The Group will also continue to further enhance its leading position by regular refurbishments and constant reviews of tenant mixes. More promotions will be staged to attract additional traffic flow and consumer spending in malls. In the long term, the Group will continue reviewing and optimizing its rental portfolio.

The Group will maintain a selective and focused investment strategy for mainland business. Major cities including Beijing, Shanghai, Guangzhou and Shenzhen are the preferred choices. With promising prospects for the mainland economy and property markets in the long term, the Group will continue to look selectively for good investment opportunities. The gradual completion of Shanghai IFC, Shanghai ICC and premium hotels in major mainland cities will boost contributions from the mainland projects over time. Continued sales of residential projects in the next few years should also significantly raise earnings from mainland businesses in the future.

With the positive impact of these developments and barring unforeseen circumstances, the results for the coming financial year are expected to be satisfactory.

Appreciation

I would like to take this opportunity to express my gratitude to my fellow directors for their guidance, and to thank all our staff for their dedication and hard work.

Kwong Siu-hing

Chairman

Hong Kong, 20 September 2010

* *The project has been renamed as Avignon after 20 September 2010*

Review of Operations

17 Property Sales

18 Hong Kong Property Business

18 Land Bank

20 Property Development

24 Property Investment

27 Mainland Property Business

27 Land Bank

29 Property Development

33 Property Investment

35 Property Related Businesses

37 Telecommunications and Information Technology

38 Transportation, Infrastructure and Logistics

40 Corporate Finance

41 Customer Service

Property Sales

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

Sales of Hong Kong properties amounted to HK\$20,562 million, mostly from YOHO Midtown in Yuen Long, Aria and The Latitude in Kowloon and The Cullinan at Kowloon Station. The remaining HK\$2,656 million was from mainland and Singapore properties, including Lake Dragon in Guangzhou and Orchard Residences in Singapore. The Group sold or pre-sold over HK\$9,000 million worth of properties in the third quarter of 2010, mainly from Hong Kong properties including Lime Stardom in Kowloon and Larvotto in Island South. Nearly 95 per cent of the units in these two projects have been sold.

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

Hong Kong Property Business

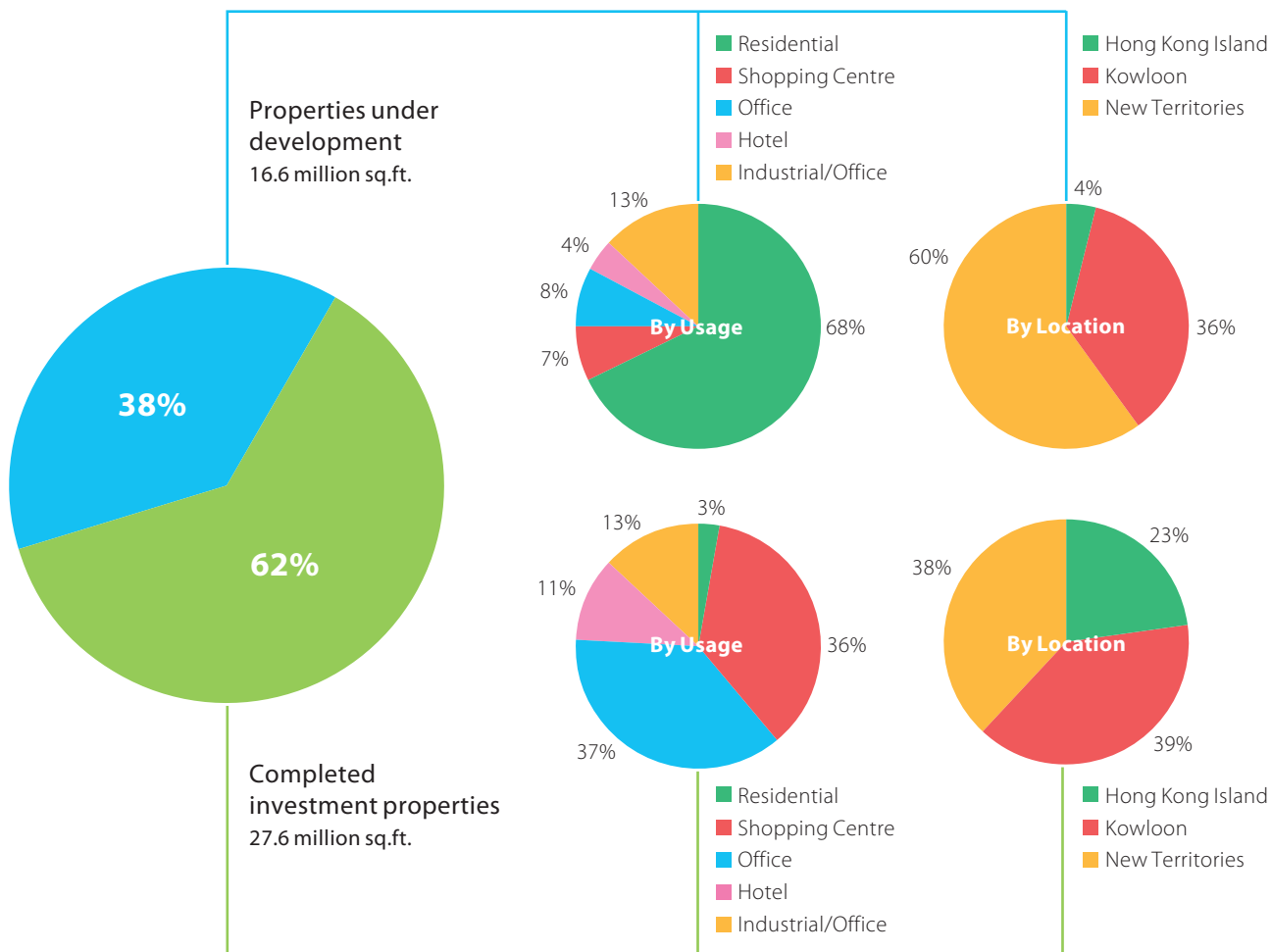
Highlights

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

Land Bank

Hong Kong Land Bank Composition

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



The Group added six new sites with an aggregate gross floor area of 4.8 million square feet to its Hong Kong development land bank during the year; three through land use conversion and three others at government land auction or private deal. Details of the new sites are provided on page 8 in the Chairman's Statement. These acquisitions brought the Group's Hong Kong land bank to 44.2 million square feet in June 2010, as compared to 41.9 million square feet last year. The land bank consists of 16.6 million square feet of properties under development and 27.6 million square feet of completed investment properties.

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

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

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

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

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

* Includes godowns

Hong Kong Property Business

Property Development

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

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

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

Major Projects Under Development

The Latitude

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

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

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

Aria

51 Fung Shing Street, Kowloon
(100% owned)

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

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

Avignon

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

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

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

Tseung Kwan O Area 56 Development
(joint venture)

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

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

Property Development

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

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

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

West Rail Tuen Mun Station Development (joint venture)

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

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

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

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

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

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

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

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

Property Development

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

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

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

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

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

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

Kowloon Commerce Centre Phase 2

51 Kwai Cheong Road

(100% owned)

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

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

Property Development

Major Projects Under Development by Year of Completion

Location	Project Name	Group's Interest (%)	Attributable Gross Floor Area (square feet)					Total
			Residential	Shopping Centre	Office	Hotel	Industrial	
Projects to be completed in financial year 2010/11								
638 Prince Edward Road East	The Latitude	100	1,025,000	205,000	—	—	—	1,230,000
Tuen Mun Town Lot 465	Avignon	100	616,000	5,000	—	—	—	621,000
Ap Lei Chau Inland Lot 129	Larvotto	35	316,000	4,000	—	—	—	320,000
New Kowloon Inland Lot 6350, Ngau Chi Wan	Aria	100	775,000	—	—	—	—	775,000
38 Ming Yuen Western Street, North Point	Lime Habitat	100	87,000	—	—	—	—	87,000
Lot 4313 in DD 124, Hung Shui Kiu, Yuen Long	Park Nara	74	83,000	—	—	—	—	83,000
483 Castle Peak Road, Cheung Sha Wan		100	—	—	109,000	—	—	109,000
77 Wing Hong Street, Cheung Sha Wan	CEO Tower	100	—	—	—	—	254,000	254,000
Year Total			2,902,000	214,000	109,000	—	254,000	3,479,000
Projects to be completed in financial year 2011/12								
Tseung Kwan O Area 56 Development Phase 1		Joint Venture	861,000	—	54,000	391,000	—	1,306,000
Kowloon Inland Lot 11146, West Kowloon		100	794,000	95,000	—	—	—	889,000
Larch Street / Fir Street Development, Kowloon	Lime Stardom	Joint Venture	177,000	24,000	—	—	—	201,000
18 Po Yip Street, Yuen Long		100	222,000	—	—	—	—	222,000
9 Shouson Hill Road		100	91,000	—	—	—	—	91,000
12 Mount Kellett Road, The Peak		100	43,000	—	—	—	—	43,000
48-50 Stanley Village Road		100	37,000	—	—	—	—	37,000
Year Total			2,225,000	119,000	54,000	391,000	—	2,789,000
Projects to be completed in financial year 2012/13								
West Rail Tuen Mun Station Development		Joint Venture	1,286,000	269,000	—	—	—	1,555,000
Lot 2099 in DD 109, Yuen Long		100	856,000	24,000	—	—	—	880,000
Chatham Garden Redevelopment, Kowloon		29	88,000	18,000	—	—	—	106,000
295-305 Shau Kei Wan Road		90	51,000	10,000	—	—	—	61,000
Kwai Chung Town Lot 215	KCC Phase 2	100	—	30,000	488,000	—	—	518,000
20-24 Hung To Road, Kwun Tong		100	—	—	207,000	—	—	207,000
Kwun Tong Inland Lot 173		64.3	—	—	199,000	—	—	199,000
49 King Yip Street, Kwun Tong		100	—	—	120,000	—	—	120,000
Year Total			2,281,000	351,000	1,014,000	—	—	3,646,000
Projects to be completed in financial year 2013/14 and beyond								
Yuen Long Town Lot 507		100	1,848,000	471,000	—	—	—	2,319,000
Tseung Kwan O Area 66B Development		100	662,000	66,000	—	—	—	728,000
Kowloon Inland Lot 11175, Ho Man Tin		100	869,000	—	—	—	—	869,000
Lot 5371 in DD 116, Ha Yau Tin, Yuen Long		100	233,000	—	—	—	—	233,000
Shek Wu Wai, Yuen Long		50	227,000	—	—	—	—	227,000
Lot 495 in DD 399, Casam Beach, Ting Kau		100	78,000	—	—	—	—	78,000
Tsing Lung Tau Lot 67		100	11,000	—	—	—	—	11,000
Kwun Tong Inland Lot 240		50	—	—	—	—	575,000	575,000
Kwun Tong Inland Lot 174		64.3	—	—	—	—	303,000	303,000
Tseung Kwan O Area 56 Development Phase 2		Joint Venture	—	—	—	235,000	—	235,000
50 Wong Chuk Hang Road		100	—	—	120,000	—	—	120,000
Total			3,928,000	537,000	120,000	235,000	878,000	5,698,000

Hong Kong Property Business

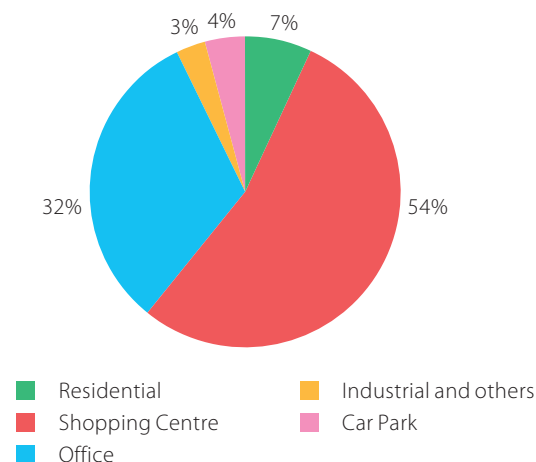
Property Investment

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

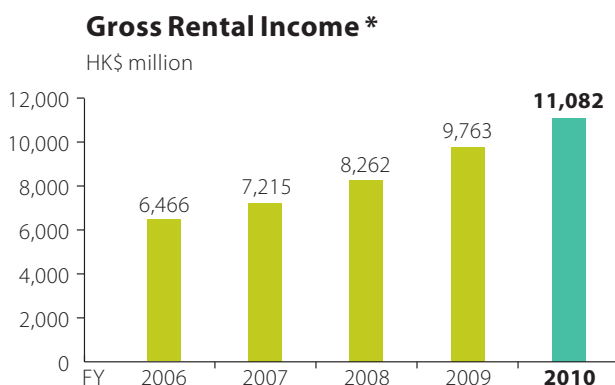
The leasing market was more active with the global economic recovery over the past year. Office rents bottomed out and have been picking up since the beginning of this year. Demand for office space from financial firms is growing and overall vacancies were down. Spot retail rents are up since late 2009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

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

Gross Rental Income by Sector *



* including contributions from jointly controlled entities and associates



Completed Investment Properties

Shopping Centres

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

Property Investment

Offices

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

Residential & Suites

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

Other Properties

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

Investment Properties Under Development

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

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

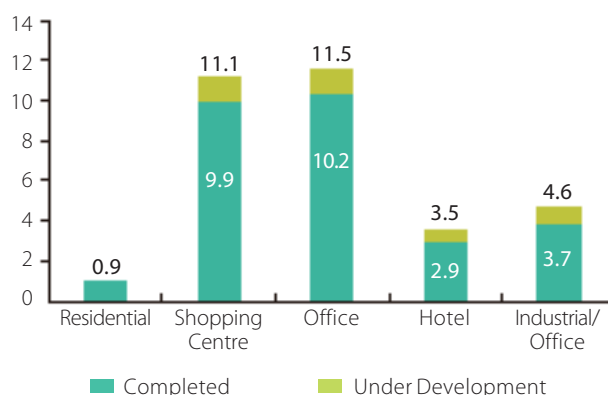
The Group will complete a number of major shopping malls in the next three to four years. The 205,000-square-foot Mikiki in southeast Kowloon is set to open in the second quarter of 2011. Its trendy and spacious interior and tailored tenant mix will offer shoppers, particularly young people, an enjoyable environment

and experience. The Group is creating a new shopping and entertainment hub at Yuen Long town centre, comprising the 471,000-square-foot mall under development at Yuen Long Town Lot 507, and the retail podiums at YOHO Midtown and Sun Yuen Long Centre. This new complex, with a total area of a million square feet, will be comparable to Group's flagship mall New Town Plaza in Sha Tin. There will be footbridges connecting to the West Rail station and the journey to the core areas of Kowloon by MTR will take just around 20 minutes. The Group is also developing a 269,000-square-foot mall right next to the Tuen Mun West Rail station. Construction is progressing as planned and its strategic location at a new regional transportation hub will make it a leading shopping centre in the district.

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

Investment Properties: Completed and Under Development

million square feet



Property Investment

Major Completed Investment Properties

Project	Location	Lease Expiry	Group's Interest (%)	Attributable Gross Floor Area (square feet)					Total	
				Residential	Shopping Centre	Office	Hotel	Industrial/Office		
Hong Kong Island										
One IFC	1 Harbour View Street, Central	2047	50	—	—	392,000	—	—	—	392,000
Two IFC & IFC Mall	8 Finance Street, Central	2047	50	—	320,000	566,000	—	—	—	886,000
Four Seasons Hotel and Four Seasons Place	8 Finance Street, Central	2047	50	—	—	—	550,000	—	—	550,000
Sun Hung Kai Centre	30 Harbour Road, Wan Chai	2127	100	—	53,000	851,000	—	—	—	904,000
Central Plaza	18 Harbour Road, Wan Chai	2047	50	—	—	700,000	—	—	—	700,000
World Trade Centre / WTC More	280 Gloucester Road, Causeway Bay	2842	100	—	280,000	232,000	—	—	—	512,000
Dynasty Court (Blocks 2 & 3)	23 Old Peak Road	2886	100	341,000	—	—	—	—	—	341,000
MEGA iAdvantage	399 Chai Wan Road, Chai Wan	2112	84.6	—	—	—	—	—	296,000	296,000
Pacific View (Blocks 2 & 3)	38 Tai Tam Road	2047	100	248,000	—	—	—	—	—	248,000
Chi Fu Landmark	Chi Fu Road	2126	100	—	172,000	—	—	—	—	172,000
Hillsborough Court (Block 4)	18 Old Peak Road	2884	100	126,000	—	—	—	—	—	126,000
Kowloon										
ICC	1 Austin Road West	2047	Joint venture	—	—	2,495,000	—	—	—	2,495,000
The HarbourView Place / W Hong Kong / Ritz-Carlton	1 Austin Road West	2047	Joint venture	—	—	—	1,023,000	—	—	1,023,000
Millennium City 1*	388 Kwun Tong Road	2047	100	—	27,000	890,000	—	—	—	917,000
Millennium City 2	378 Kwun Tong Road	2047	50	—	—	133,000	—	—	—	133,000
Millennium City 3	370 Kwun Tong Road	2047	100	—	—	84,000	—	—	—	84,000
Millennium City 5 / APM	418 Kwun Tong Road	2047	100	—	598,000	308,000	—	—	—	906,000
Millennium City 6	392 Kwun Tong Road	2047	100	—	32,000	370,000	—	—	—	402,000
Grand Century Place	193 Prince Edward Road West, Mong Kok	2047	100	—	725,000	475,000	—	—	—	1,200,000
Royal Plaza Hotel	193 Prince Edward Road West, Mong Kok	2047	100	—	—	—	400,000	—	—	400,000
The Royal Garden	69 Mody Road, Tsim Sha Tsui	2127	100	—	—	—	295,000	—	—	295,000
Kerry Hung Kai Godown	3 Fat Tseung Street, Cheung Sha Wan	2047	50	—	—	—	—	—	285,000	285,000
APEC Plaza	49 Hoi Yuen Road, Kwun Tong	2047	100	—	—	—	—	—	240,000	240,000
The Sun Arcade	28 Canton Road, Tsim Sha Tsui	2047	100	—	205,000	—	—	—	—	205,000
Peninsula Tower	538 Castle Peak Road, Cheung Sha Wan	2047	100	—	—	—	—	—	198,000	198,000
New Tech Plaza	34 Tai Yau Street, San Po Kong	2047	100	—	—	—	—	—	183,000	183,000
Hing Wah Centre	82-84 To Kwa Wan Road	2099	100	—	—	—	—	—	183,000	183,000
26 Nathan Road	26 Nathan Road	2039	100	—	53,000	124,000	—	—	—	177,000
Infotech Centre	21 Hung To Road, Kwun Tong	2047	100	—	—	—	—	—	114,000	114,000
New Territories										
New Town Plaza I	18 Shatin Centre Street, Sha Tin	2047	100	—	1,300,000	—	—	—	—	1,300,000
New Town Plaza III	2-8 Shatin Centre Street, Sha Tin	2047	100	—	350,000	—	—	—	—	350,000
New Town Tower	10-18 Pak Hok Ting Street, Sha Tin	2047	100	—	—	96,000	—	—	—	96,000
Grand Central Plaza / HomeSquare	138 Shatin Rural Committee Road, Sha Tin	2047	100	—	310,000	431,000	—	—	—	741,000
Royal Park Hotel	8 Pak Hok Ting Street, Sha Tin	2047	100	—	—	—	258,000	—	—	258,000
Metropia Tower I & Shopping Centre	223 Hing Fong Road, Kwai Chung	2047	100	—	600,000	569,000	—	—	—	1,169,000
Tai Po Mega Mall	9 On Pong Road, Tai Po	2047	100	—	589,000	—	—	—	—	589,000
Tsuen Wan Plaza	5-21 Pak Tin Par Street, Tsuen Wan	2047	100	—	583,000	—	—	—	—	583,000
KCC Phase 1	51 Kwai Cheong Road, Kwai Chung	2047	100	—	56,000	521,000	—	—	—	577,000
Landmark North	39 Lung Sum Avenue, Sheung Shui	2047	100	—	182,000	375,000	—	—	—	557,000
Sun Hung Kai Logistics Centre	8 Wong Chuk Yeung Street, Sha Tin	2047	100	—	—	—	—	—	500,000	500,000
East Point City Shopping Centre	8 Chung Wa Road, Tseung Kwan O	2047	100	—	415,000	—	—	—	—	415,000
Royal View Hotel	353 Castle Peak Road, Ting Kau	2047	100	—	—	—	310,000	—	—	310,000
Sun Yuen Long Centre	8 Long Yat Road, Yuen Long	2047	87.5	—	245,000	—	—	—	—	245,000
Shopping Arcade										
Park Central Shopping Centre	Tseung Kwan O Town Lots 57 & 66	2047	57.52/25	—	195,000	—	—	—	—	195,000
Citygate / Novotel Citygate	Tung Chung Town Lot 2	2047	20	—	99,000	32,000	47,000	—	—	178,000
Hong Kong Hotel										
Grand City Plaza	1-17 Sai Lau Kok Road, Tsuen Wan	2047	100	—	35,000	137,000	—	—	—	172,000
Yuen Long Plaza Shopping Arcade	249-251 Castle Peak Road, Yuen Long	2047	100	—	145,000	—	—	—	—	145,000
Advanced Technology Centre	2 Choi Fat Street, Sheung Shui	2047	100	—	—	—	—	—	142,000	142,000
Jumbo iAdvantage	145-159 Yeung Uk Road, Tsuen Wan	2047	84.6	—	—	—	—	—	127,000	127,000
Uptown Plaza Shopping Arcade	9 Nam Wan Road, Tai Po	2047	100	—	120,000	—	—	—	—	120,000
Chelsea Heights	1 Shek Pai Tau Path, Tuen Mun	2047	100	—	116,000	—	—	—	—	116,000

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

Mainland Property Business

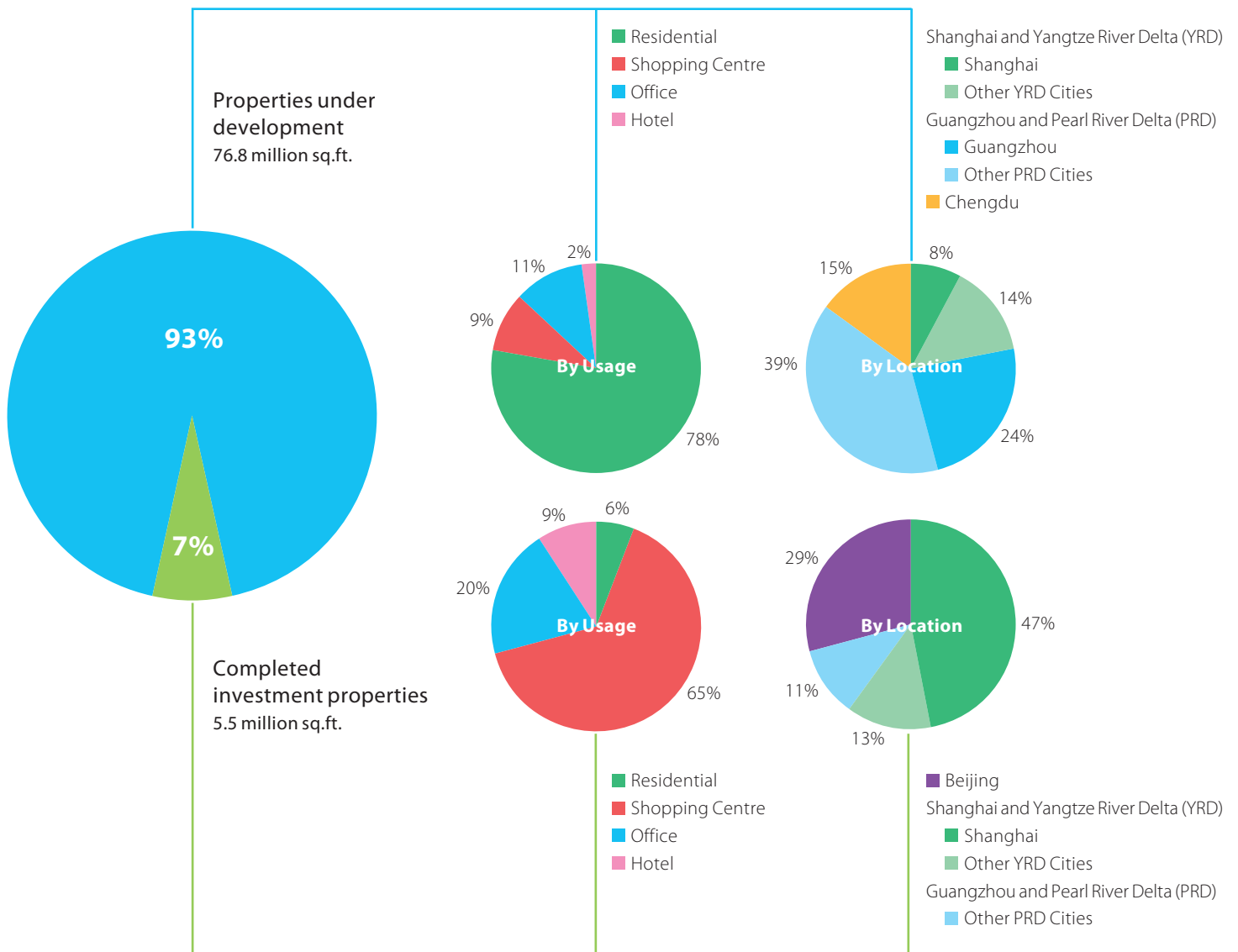
Highlights

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

Land Bank

Mainland China Land Bank Composition

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



The Group added several prime sites to its mainland land bank during the year under review. Details of the new acquisitions are described on page 11 in the Chairman's Statement. The Group's mainland development land bank was 76.8 million square feet of attributable gross floor area as at 30 June 2010, of which close to 80

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

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

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

* Includes serviced apartments

Mainland Property Business

Property Development

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

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

Major Mainland Projects Under Development

SHANGHAI & YANGTZE RIVER DELTA

Shanghai IFC

Lujiazui, Shanghai

(100% owned)

Shanghai IFC is at 8 Century Avenue in the heart of the Lujiazui financial and trade zone in Pudong. The integrated complex will contain offices and retail and hotel space with a combined gross floor area of over four million square feet. The Group completed the first office tower containing 900,000 square feet in July last year, which houses the HSBC China head office of 22 floors. Shanghai IFC mall containing a million square feet of high-end retail space is open and the deluxe Ritz-Carlton Shanghai, Pudong hotel also commenced operation in the second quarter this year. Leasing performance of the offices and the mall is described on page 33 in the Mainland Property Investment Section. The rest of the Shanghai IFC development, including the second office tower of 1.3 million square feet and the serviced suite hotel IFC Residence measuring over 400,000 square feet, is scheduled for completion by mid-2011.

Shanghai ICC

Huai Hai Zhong Road Lot 3, Shanghai

(100% owned)

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

Wei Fong Project

Pudong, Shanghai

(100% owned)

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

Hangzhou MIXC

Qianjiang New City, Hangzhou

(40% owned)

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

Property Development

Hexi CBD Project

Nanjing

(100% owned)

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

Suzhou Project

Suzhou

(90% owned)

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

Taihu International Community

Taihu New City, Wuxi

(40% owned)

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

GUANGZHOU & PEARL RIVER DELTA

The Arch

Sandong Avenue of Huadu, Guangzhou

(95% owned)

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

Lake Dragon

Huadu, Guangzhou

(60% owned)

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

Liede Project

Zhujiang Xincheng, Guangzhou

(33.3% owned)

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

Shiling Project

Huadu, Guangzhou

(100% owned)

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

Property Development

Linhe Project

Tianhe, Guangzhou

(70% owned)

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

Chancheng Project

Chancheng, Foshan

(80% owned)

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

The Woodland

Zhongshan 5 Road, Zhongshan

(Joint venture)

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

Shilong Project

Shilong, Dongguan

(100% owned)

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

OTHER CITIES

Chengdu Jovo Town

Shuangliu County, Chengdu

(91% owned)

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

Chengdu ICC

Jinjiang, Chengdu

(40% owned)

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

Property Development

Major Mainland Properties Under Development by Year of Completion

Project	Project Name	City	Group's Interest (%)	Attributable Floor Area(square feet)*				Total
				Residential	Shopping Centre	Office	Hotel	
Projects to be completed in financial year 2010/11								
Lujiazui Project Phase 2	Shanghai IFC	Shanghai	100	—	160,000	1,326,000	413,000	1,899,000
Huai Hai Zhong Road Lot 3 Phase 1	Shanghai ICC	Shanghai	100	—	—	666,000	—	666,000
Taihu New City Project Phase 3	Taihu International Community	Wuxi	40	559,000	108,000	—	—	667,000
Sandong Avenue Project	The Arch	Guangzhou	95	1,090,000	—	—	—	1,090,000
Dragon Lake Project Phase 1A & 1B	Lake Dragon	Guangzhou	60	784,000	—	—	—	784,000
Zhongshan 5 Road Project Phase 4A	The Woodland	Zhongshan	Joint Venture	133,000	—	—	—	133,000
Shuangliu County Project Phase 1A	Jovo Town	Chengdu	91	1,020,000	—	—	—	1,020,000
Year Total				3,586,000	268,000	1,992,000	413,000	6,259,000
Projects to be completed in financial year 2011/12								
Huai Hai Zhong Road Lot 3 Phase 2	Shanghai ICC	Shanghai	100	216,000	1,307,000	—	—	1,523,000
Taihu New City Project Phase 4	Taihu International Community	Wuxi	40	1,914,000	—	—	—	1,914,000
Liede Project Phase 1		Guangzhou	33.3	363,000	2,000	—	—	365,000
Year Total				2,493,000	1,309,000	—	—	3,802,000
Projects to be completed in financial year 2012/13 and beyond								
Wei Fong Project		Shanghai	100	1,651,000	24,000	—	—	1,675,000
Huai Hai Zhong Road Lot 3 Phase 3	Shanghai ICC	Shanghai	100	—	—	615,000	—	615,000
Qianjiang New City Project remaining phases	Hangzhou MIXC	Hangzhou	40	407,000	80,000	755,000	155,000	1,397,000
Taihu New City Project remaining phases	Taihu International Community	Wuxi	40	1,398,000	680,000	—	69,000	2,147,000
Suzhou Project		Suzhou	90	1,360,000	373,000	946,000	471,000	3,150,000
Hexi CBD Project		Nanjing	100	—	646,000	878,000	176,000	1,700,000
Dragon Lake Project remaining phases	Lake Dragon	Guangzhou	60	4,297,000	—	—	—	4,297,000
Shiling Project		Guangzhou	100	8,723,000	—	—	—	8,723,000
Liede Project remaining phases		Guangzhou	33.3	546,000	359,000	554,000	215,000	1,674,000
Linhe Project		Guangzhou	70	1,356,000	19,000	—	—	1,375,000
Chancheng Project		Foshan	80	20,518,000	2,232,000	861,000	172,000	23,783,000
Zhongshan 5 Road Project remaining phases	The Woodland	Zhongshan	Joint Venture	3,324,000	—	—	—	3,324,000
Shilong Project		Dongguan	100	2,784,000	—	—	—	2,784,000
Shuangliu County Project remaining phases	Jovo Town	Chengdu	91	4,920,000	—	—	—	4,920,000
Dongda Avenue Project	Chengdu ICC	Chengdu	40	2,902,000	677,000	1,656,000	160,000	5,395,000
Total				54,186,000	5,090,000	6,265,000	1,418,000	66,959,000

* Gross floor area including retail basement area

Mainland Property Business

Property Investment

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

Completed Investment Properties

Shopping Centres

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

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

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

Offices

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

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

Major Completed Mainland Investment Properties

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

* Including basement retail area

Property Investment

Investment Properties Under Development

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

Shanghai IFC and Shanghai ICC are the two major investment properties the Group is developing on the mainland. The second phase of Shanghai IFC will be completed in the first half of 2011. It will include an office tower and the IFC Residence serviced suite hotel. The office tower will have 1.3 million square feet of premium space that matches the first tower in terms of quality and facilities. Preliminary leasing has been going well. The Group's other major development – Shanghai ICC – will have around three million square feet of total gross floor area.

The Group is developing other shopping mall, office and hotel projects on the mainland. These include Taihu International Community in Wuxi, Suzhou project, Hexi CBD project in Nanjing, Liede project in Guangzhou, Changcheng project in Foshan and Dongda Avenue project in Chengdu. Details are covered in the Major Mainland Projects Under Development section on pages 29 to 32.

Property Related Businesses

Hotels

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

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

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

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

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

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

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

Prospects for Hong Kong's hotel industry are encouraging. Business opportunities will continue to arise from the city's ongoing development as a major financial and business hub, and a primary tourist destination in the region. The Group is developing new premium hotels in Hong Kong to capitalize on this development. A deluxe Ritz-Carlton hotel, with 312 suites and rooms covering a gross floor area of over 400,000 square feet, at Kowloon Station is scheduled for opening in early 2011. Two more hotels are under construction above the Tseung Kwan O MTR station, with the first planned to commence operation in 2012.

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

Property Related Business

Property Management

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

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

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

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

Premises Managed by the Group

million square feet



Construction

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

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

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

Financial Services

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

Insurance

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

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

Telecommunications and Information Technology

Telecommunications

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

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

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

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

Information Technology

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

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

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

Transportation, Infrastructure and Logistics

Franchised Bus Operations

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

Toll Road

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

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

Transport Infrastructure Management

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

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

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

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

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

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

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

Port Business

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

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

Transportation, Infrastructure and Logistics

Air Transport and Logistics Business

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

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

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

Waste Management

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

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

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

Corporate Finance

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

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

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

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

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

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

Customer Service

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

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

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

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

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

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

Corporate Governance

Maintaining high standards of business ethics and corporate governance has always been one of the Group's prime tasks. It believes that conducting the Group's businesses in an open and responsible manner and following good corporate governance practices serve its long-term interests and those of its shareholders by maximizing returns. Details of the Group's investor relations initiatives and the recognition it has received for good management and corporate governance are set out under Investor Relations on page 47.

Corporate Governance Practices

Rigorous standards of corporate governance enhance the Group's accountability and transparency, earning the confidence of shareholders and the public. The Company has complied with the code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year under review, except that the Chairman of the Company did not attend the 2009 annual general meeting of the Company due to other commitment.

The Board of Directors of the Company (the "Board") continues to monitor and review the Company's corporate governance practices to ensure compliance.

Board of Directors

Composition

The Board currently has 18 Directors – seven Executive Directors, seven Non-Executive Directors and four Independent Non-Executive Directors. Further details of the composition of the Board are set out on page 2. All Directors give sufficient time and attention to the Group's affairs. The Board believes that the balance between Executive and Non-Executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of shareholders and the Group.

Non-Executive Directors provide the Group with diversified expertise and experience. Their views and participation in Board and committee meetings bring independent judgment and advice on issues relating to the Group's strategies, performance, conflicts of interest and management process, to ensure that the interests of all shareholders are taken into account.

In compliance with Rule 3.10 of the Listing Rules, the Company currently has four Independent Non-Executive Directors and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. No Independent Non-Executive Director has served the Company for more than nine years.

The Company has received from each Independent Non-Executive Director a confirmation of his independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules and considers that all Independent Non-Executive Directors are independent. Notwithstanding Dr. Fung Kwok-lun, William's directorships in HSBC Holdings plc ("HSBC Holdings") and The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), both being the associates of HSBC Trustee (C.I.) Limited ("HSBC Trustee") which in turn is a substantial shareholder of the Company holding certain shares of the Company as a trustee of certain trusts (the "Trusts"), the Company is of the view that Dr. Fung meets the independence guidelines since HSBC Trustee did not take instructions from HSBC Holdings and Dr. Fung cannot control the decision making process of HSBC Trustee, in relation to the exercise of the voting rights in respect of the shares in the Company held under the Trusts.

Independent Non-Executive Directors are identified as such in all corporate communications containing the names of the Directors.

Madam Kwong Siu-hing is the mother of Messrs. Kwok Ping-sheung, Walter, Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond, who are brothers. Also Madam Kwong is the sister of Mr. Kwong Chun. Besides, Sir Po-shing Woo is the father of Mr. Woo Ka-biu, Jackson, an Alternate Director of the Company. Save as disclosed above, there are no family or other material relationships among members of the Board.

Board Meetings

The full Board met in person on four regular occasions during the year ended 30 June 2010. The Directors discussed and approved overall strategies for the Group, monitored financial performance and discussed the annual and interim results, as well as other significant matters at the Board meetings. Business and operational matters are delegated to the management.

At least 14 days' notice of all regular Board meetings is given to all Directors, and all Directors are given the opportunity to include matters for discussion in the agenda. An agenda and accompanying Board papers are sent to all Directors at least three days in advance of every regular Board meeting or committee meeting.

The Company Secretary assists the Chairman in preparing the agenda for the meeting and ensures that all applicable rules and regulations regarding the meetings are followed. He also keeps detailed minutes of each meeting, which are available to all Directors for inspection.

Corporate Governance

The attendance record of the Board meetings held during the year ended 30 June 2010 is set out below:

Directors	Meetings attended/ Total
Executive Directors	
Kwok Ping-kwong, Thomas	4/4
Kwok Ping-luen, Raymond	4/4
Chan Kai-ming	4/4
Chan Kui-yuen, Thomas	4/4
Kwong Chun	4/4
Wong Chik-wing, Mike	4/4
Chan Kwok-wai, Patrick (appointed on 8 July 2009)	4/4
Non-Executive Directors	
Kwong Siu-hing	1/4
Lee Chau-kee	3/4
Kwok Ping-sheung, Walter	3/4
Woo Po-shing	4/4
Kwan Cheuk-yin, William	4/4
Lo Chiu-chun, Clement	2/4
Wong Yick-kam, Michael (re-designated on 1 January 2010)	4/4
Independent Non-Executive Directors	
Yip Dicky Peter	4/4
Wong Yue-chim, Richard	3/4
Li Ka-cheung, Eric	4/4
Fung Kwok-lun, William (appointed on 1 February 2010)	2/2
Cheung Kin-tung, Marvin (retired on 3 December 2009)	1/1

All Directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors if necessary. They also have access to the advice and services of the Company Secretary, who is responsible for providing Directors with Board papers and related materials and ensuring that Board procedures are followed. Where queries are raised by Directors, steps would be taken to respond as promptly and fully as possible.

Should a potential conflict of interest involving a substantial shareholder or a Director arise, the matter will be discussed in a physical meeting, as opposed to being dealt with by written resolution. Independent Non-Executive Directors with no conflict of interest will be present at meetings dealing with such conflict issues. Board committees, including the Executive, Audit, Remuneration and Nomination Committees, all follow the applicable practices and procedures used in Board meetings for committee meetings.

Chairman

Madam Kwong Siu-hing serves as the Chairman of the Board. The Chairman is primarily responsible for leading the Board and ensuring that it functions effectively and smoothly. Directors are encouraged to participate actively in all Board and committee meetings.

Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond are the Vice Chairmen and Managing Directors of the Company. The roles of the Chairman and the Managing Directors are separate and performed by separate individuals.

Training and Support for Directors

All Directors must keep abreast of their collective responsibilities. Newly appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to Directors and senior management where appropriate, to ensure awareness of best corporate governance practices. During the year under review, a seminar in respect of the new amendments to the Listing Rules was organized for Directors in order to update the Directors on the latest development of compliance issues.

Compliance with Model Code

The Company follows the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct for Directors in their dealings in the Company's securities. Having made specific enquiry with Directors, all Directors confirmed that they have fully complied with the Model Code during the year ended 30 June 2010.

Executive Committee

The Executive Committee was established in 1977 and consists of all Executive Directors as members.

The Executive Committee meets regularly and is primarily responsible for formulating business policies, making decisions on key business issues and policies, facilitating the approval of certain corporate actions and exercising the powers and authority delegated by the Board in respect of matters which arise between regularly scheduled Board meetings.

Corporate Governance

Remuneration Committee

The Remuneration Committee was established in June 2005 and is chaired by Professor Wong Yue-chim, Richard, an Independent Non-Executive Director. Other members of the Committee are Mr. Lo Chiu-chun, Clement and Dr. Li Ka-cheung, Eric. All members are Non-Executive Directors and the majority of them is Independent Non-Executive Directors.

The Remuneration Committee is responsible for formulating and recommending remuneration policy to the Board, determining the remuneration of Executive Directors and members of senior management and reviewing and making recommendations on compensation-related issues. The Committee consults with the Chairman and/or Vice Chairmen on its proposals and recommendations if necessary, and also has access to professional advice if deemed necessary. The Committee is also provided with sufficient resources enabling it to discharge its duties. The Remuneration Committee's specific terms of reference are posted on the Group's website.

The Remuneration Committee held a meeting during the year ended 30 June 2010. The attendance record of each member is set out below:

Committee members	Meeting attended/ Total
Wong Yue-chim, Richard	1/1
Lo Chiu-chun, Clement	1/1
Li Ka-cheung, Eric	1/1

The Remuneration Committee reviewed matters relating to the fees and remuneration for Directors and senior management, as well as discussed the Group's remuneration policy.

Nomination Committee and Appointment of Directors

The Nomination Committee was established in June 2005 and is chaired by Professor Wong Yue-chim, Richard, an Independent Non-Executive Director. Other members of the Committee are Messrs. Kwan Cheuk-yin, William and Yip Dicky Peter. All members are Non-Executive Directors and the majority of them is Independent Non-Executive Directors.

The Nomination Committee is responsible for formulating policy and making recommendations to the Board on nominations, appointment of Directors and Board succession. The Committee develops selection procedures for candidates, and will consider different criteria including appropriate professional knowledge and industry experience, as well as consult external recruitment professionals when required. The Committee also reviews the size, structure and composition of the Board and assesses the independence of Independent Non-Executive Directors. The Committee is provided with sufficient resources enabling it to discharge its duties. The Nomination Committee's specific terms of reference are posted on the Group's website.

The Nomination Committee held a meeting during the year ended 30 June 2010. The attendance record of each member is set out below:

Committee members	Meeting attended/ Total
Wong Yue-chim, Richard	1/1
Kwan Cheuk-yin, William	1/1
Yip Dicky Peter	1/1

The Nomination Committee discussed and reviewed the Board composition of the Company as well as other related matters. In addition, the Committee recommended to the Board for approval the re-designation of a Director and the appointment of an Executive Director and an Independent Non-Executive Director, which were all effective during the year under review.

In accordance with the Articles of Association of the Company, one-third of the Directors are required to retire from office by rotation and are eligible for re-election at each annual general meeting (the "AGM") and each Director should be subject to retirement by rotation at least once every three years. Non-Executive Directors are subject to a term of approximately two years commencing from the date of the AGM at which they are re-elected and expiring at the AGM to be held two years thereafter, and they shall be eligible for re-election at that AGM upon the expiry of their term of office.

Audit Committee and Accountability

The Board is responsible for presenting a balanced and clear assessment of the Group's performance and prospects. The Directors also acknowledge their responsibility for preparing the accounts that give a true and fair view of the Group's financial position on a going-concern basis and other price-sensitive announcements and other financial disclosures. Management provides all relevant information and records to the Board, giving it the relevant information it needs to discharge these responsibilities.

Corporate Governance

In compliance with Rule 3.21 of the Listing Rules, an Audit Committee was established in 1999 and is chaired by Dr. Li Ka-cheung, Eric, an Independent Non-Executive Director. Dr. Li had acted as a member of the Committee since June 2005 and was appointed as the chairman of the Committee on 1 February 2010 in place of Dr. Cheung Kin-tung, Marvin following Dr. Cheung's retirement as a Director at the AGM on 3 December 2009. Other members of the Committee are Messrs. Yip Dicky Peter and Wong Yick-kam, Michael, who was appointed as a member of the Committee on 1 February 2010. All members are Non-Executive Directors and the majority of them is Independent Non-Executive Directors.

No former partner of the Company's existing auditing firm acted as a member of the Audit Committee within one year from ceasing to be a partner or having any financial interest in the auditing firm.

The duties of the Audit Committee include:

- reviewing the financial statements of the Group's annual reports and accounts, and half-yearly reports before submitting them to the Board;
- reviewing the Group's financial control, internal control and risk management systems;
- ensuring that management has fulfilled its duty to establish and maintain an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;
- considering findings of major investigations of internal control matters;
- reviewing the internal audit programme and ensuring the internal audit function is adequately resourced and effective;
- reviewing the Group's financial and accounting policies and practices;
- reviewing the external auditor's management letter and questions raised by the auditor to management, and management's response to such questions;
- reporting to the Board on matters relating to the Code;
- meeting with the external auditor to discuss issues regarding audit if considered necessary (and in the absence of management if appropriate).

The Audit Committee is provided with sufficient resources enabling it to discharge its duties. The Audit Committee's specific terms of reference are posted on the Group's website.

The Audit Committee held three meetings during the year ended 30 June 2010. The attendance record of each member is set out below:

Committee members	Meetings attended/ Total
Li Ka-cheung, Eric	3/3
Yip Dicky Peter	2/3
Wong Yick-kam, Michael (appointed on 1 February 2010)	2/2
Cheung Kin-tung, Marvin (ceased on 3 December 2009)	1/1

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

The Audit Committee reviewed the interim and final results of the Group as well as discussed and approved financial and other reports for the year under review. The Committee also reviewed the Group's internal audit activities and discussed audit plans for the year ended 30 June 2010.

The Audit Committee monitors the audit and non-audit services rendered to the Group by its external auditors and ensures their engagement in other non-audit services will not impair their audit independence or objectivity. An independence confirmation has been obtained from Deloitte Touche Tohmatsu which confirms that for the year ended 30 June 2010 and thereafter to the date of this Annual Report, they are independent of the Group in accordance with the independence requirements of the Hong Kong Institute of Certified Public Accountants.

The fees in respect of audit and non-audit services provided to the Company and its subsidiaries by Deloitte Touche Tohmatsu for the year ended 30 June 2010 amounted to approximately HK\$11 million and HK\$3 million respectively. The non-audit services mainly consist of taxation, review and other reporting services.

Internal Control

The Board has overall responsibility for maintaining sound and effective internal control systems to safeguard the Group's assets and stakeholders' interests, as well as for reviewing the effectiveness of these systems. The Board conducts regular reviews of the Group's internal control system. The system is designed to provide reasonable, but not absolute, assurance against misstatement or loss, and to manage risks of failure in the Group's operational systems.

Corporate Governance

The system includes a well-established organizational structure with clearly defined lines of responsibility and authority, which is designed to safeguard assets from inappropriate use, maintain proper accounts and ensure compliance with regulations.

The Board conducted a review of the Group's internal control system for the year ended 30 June 2010, including financial, operational and compliance controls, and risk management functions. The Board assesses the effectiveness of internal control by considering reviews performed by the Audit Committee, executive management and both internal and external auditors. The annual review also considers the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

The Internal Audit Department follows a risk-and-control-based approach. Different audit areas are assigned risk ratings and an audit plan is formulated in a risk-weighted manner so that priorities and appropriate audit frequency are given to areas with higher risks. The department performs regular financial and operational reviews on the Group. Summaries of major audit findings and control weaknesses, if any, are reviewed by the Audit Committee. The Internal Audit Department monitors the follow-up actions agreed upon in response to its recommendations.

Delegation by the Board

The Board directs and approves the Group's overall strategies. Given the diversity and volume of the Group's businesses, responsibilities for execution and daily operations are delegated to the management. The Board gives clear directions as to the powers of the management, and periodically reviews the delegations to the management to ensure that they are appropriate and continue to be beneficial to the Group as a whole.

All committees have specific terms of reference clearly defining their powers and responsibilities. All committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations, and in certain specific situations, to seek the Board's approval before taking any action.

Shareholder Relations

The Company follows a policy of disclosing relevant information to shareholders in a timely manner. The Company's AGM allows the Directors to meet and communicate with shareholders. The Company ensures that shareholders' views are communicated to the Board. The chairman of the AGM proposes separate resolutions for each issue to be considered. Members of the Audit, Remuneration and Nomination Committees also attend the AGM to answer questions from shareholders.

AGM proceedings are reviewed from time to time to ensure that the Company follows the best corporate governance practices. The notice of AGM is distributed to all shareholders at least 20 clear business days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The chairman of the AGM exercises his power under the Articles of Association of the Company to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the meeting prior to the polls being taken. Voting results are posted on the Group's website on the day of the AGM.

Investor Relations

Maintaining timely and effective communications with shareholders and the investment community about corporate strategy, business development and prospects is an important priority for the Group.

The Group disseminates the latest corporate information via annual and interim reports, press releases and periodicals, public announcements and its website. It also listens to market feedback and advice from press conferences, analyst briefings and investor meetings, to help formulate long term sustainable business development strategy to earn shareholders' trust.

The Group participates in major conferences and overseas road shows, as well as arranges visits of new projects for institutional investors and analysts to keep them abreast of new projects and foster dialogue.

The Group's seasoned management team collectively formulates strategies to drive business forward for the best interests of the company, shareholders and employees, and the Group's commitment to transparency and dedication to maintaining high standard of corporate governance have earned numerous major awards from leading financial publications.

Major Investor Relations Events in Financial Year 2009/10

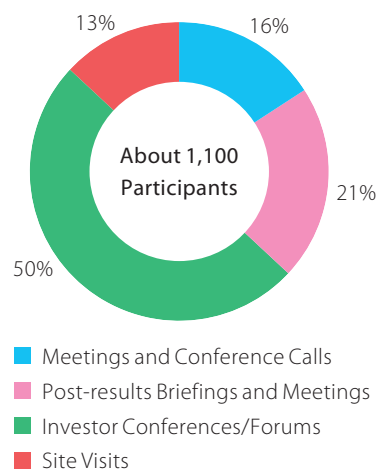
Date	Event
2009	
July	<ul style="list-style-type: none"> Investors' corporate day in Hong Kong
September	<ul style="list-style-type: none"> 2008/09 annual results announcement <ul style="list-style-type: none"> — Press conference — Analysts briefing — Post-results meetings with fund managers Investors' corporate day in Hong Kong Investors' forum in Hong Kong
October	<ul style="list-style-type: none"> Aria show flat visit for analysts and fund managers
November	<ul style="list-style-type: none"> Investors' conference in Singapore
2010	
January	<ul style="list-style-type: none"> Investors' conference in Shanghai Investors' corporate day in Hong Kong
March	<ul style="list-style-type: none"> 2009/10 interim results announcement <ul style="list-style-type: none"> — Press conference — Analysts briefing — Post-results meetings with fund managers Investors' conference in Hong Kong
April	<ul style="list-style-type: none"> Investors' conference in Hong Kong

Awards

2009/10 Financial Year

- Ranked Best Real Estate Company in Asia and Hong Kong's Best Managed Company by *FinanceAsia* magazine
- Received Corporate Governance Asia Recognition Award – Best of Asia from *Corporate Governance Asia* magazine for the fifth year running
- Received Platinum Award for Excellence in Management and Corporate Governance from *The Asset* magazine
- Named Asia's Best Managed Property Company and Best for Corporate Governance in Hong Kong by *Euromoney*
- Named Overall Best Company for Corporate Governance in Hong Kong and Asia (2004-2008) in the Poll of Polls by *Asiamoney* magazine for excellence in corporate governance polls over the past five years
- Named Best Overall for Corporate Governance in Hong Kong by *Asiamoney* magazine for the fourth year running

Communications with the Investment Community in Financial Year 2009/10



Corporate Social Responsibility

Environmental Protection and Promotion

The Group believes strongly in environmental protection and sustainable development. It follows green principles in every aspect of its business and promotes environmental awareness in the community.

Environmental considerations are taken into account in the planning, design, material sourcing, construction and landscaping of new projects, and the Group practices workplace recycling and energy conservation. It has a policy of using green technology and property designs, and many of its developments have Hong Kong Building Environmental Assessment Method (HK-BEAM) certification for meeting international environmental standards.

Carbon-reduction and energy-efficiency measures for a sustainable future are ongoing. Over 100 of the Group's office buildings, shopping malls, industrial buildings and residential estates are in the process of undergoing or have completed carbon auditing, and are introducing new green measures. Many of the Group's residential developments and shopping malls have introduced numerous energy-efficiency and renewable energy measures, including Park Island which has had a monthly lights-out campaign since 2009 to save electricity.

The Group designs developments to blend with their natural surroundings, and has won many green accolades, including more than ten 2010 Leisure and Cultural Services Department Best Landscape awards. A vertical garden at Peak One was given a gold award for innovative design, and numerous residential and commercial projects also won gold awards.

Property management subsidiaries Hong Yip and Kai Shing incorporate green concepts in all areas of their operations, with programmes for waste reduction, recycling, energy efficiency and other innovative green measures. The companies received a number of prizes in the 2009 Hong Kong Awards for Environmental Excellence, including a gold for Millennium City and a silver for Aegean Coast.

The Group is a responsible corporate citizen and promulgates eco-friendly messages in its residential estates and shopping malls. It again supported the World Wide Fund for Nature's Earth Hour this year with over 150 developments taking part, making it one of the most-involved developers. The Group additionally sponsored the Friends of the Earth's 2009 Power Smart Contest with over 200 buildings eliminating at least 14,000 tonnes of carbon emissions.

Corporate Social Responsibility

The Group and the Community

The Group fulfils its corporate social responsibility by supporting a wide range of community projects to assist the less fortunate and educational initiatives for young people to foster a harmonious community.

An enviable record for viable business practices earned the Group a place among the inaugural constituent stocks of Hong Kong's new Hang Seng Corporate Sustainability Index, affirming its leadership in environmental and social concern, workplace practices and corporate governance.

The SHKP Book Club continues to promote reading with writing competitions, seminars and a free literary magazine. This was the third year that it sponsored visits for underprivileged children to the Hong Kong Book Fair and gave them funds to buy books. Vice Chairman and Managing Director Raymond Kwok spoke to the children about books and encouraged them to read more.

The SHKP Club encourages happy family living. Its Loving Home campaign in the year with a 'smile' theme continued to promote social harmony through seminars, interactive workshops, online events and a popular, territory-wide story competition.

The Group makes an effort to nurture talented individuals in Hong Kong and on the mainland. It has programmes to support Hong Kong youth on local and overseas studies and the SHKP-Kwoks' Foundation offers scholarships to local and mainland universities.

Group staff are encouraged to get involved in the community. The 1,600-member SHKP Volunteer Team works with many voluntary agencies to help the needy. This year's initiatives included helping elderly residents of public estates relocate, refurbishing quarters for recovering mental patients and running a community involvement programme for underprivileged families in Tin Shui Wai. The volunteer team has received numerous awards for its community service.

Ma Wan Park Noah's Ark features many interactive and educational facilities to promote the positive values of love for life, family and nature, and has attracted many visitors since opening in May 2009. The park won an Outstanding Partnership Project award for sharing expertise and resources in a sustained social project with non-governmental organizations.

The Group is committed to supporting charitable initiatives. It was a top Community Chest donor in the companies, organizations and individuals category. A total of 55 Group companies or developments were named Caring Companies in the year; many of them repeat holders of the designation, some for up to eight years.

Corporate Social Responsibility

Staff Development and Personal Growth

The Group provides development opportunities for staff at all levels and offered training programmes with over 10,000 places during the year on topics such as leadership skills, communication, business strategy, China-related matters, customer service, languages, personal development and technical skills. The Group employs over 31,000 people.

High-potential staff are given tailored support and individual coaching. The Group recruits top graduates from leading local, mainland and overseas universities through its Management Trainee and Engineering / Surveying / Architectural Trainee programmes.

Managerial staff attend seminars on people management, leadership skills and business strategy conducted by leading experts and overseas academics. Senior managers can attend programmes at Harvard University to develop global perspectives, and new managerial staff receive training in supervisory skills.

The Group's mainland offices organize training programmes for staff at all grades and arrange for selected mainland staff to take short-term structured training in Hong Kong to learn the Group's values and practices. Hong Kong staff can attend seminars on mainland's socio-economic development, legal system and business practices. Experienced Hong Kong staff are seconded to mainland offices to impart Hong Kong practices to mainland staff.

Regular seminars and workshops help cultivate a strong service mindset in frontline staff and sharpen their skills for communicating with customers. The Group has a Service Excellence programme for property management staff since 1999, and leasing and sales staff take structured training courses to enhance their professionalism.

The Group emphasizes workplace safety and presents seminars and workshops in offices and construction sites. It has a green web page on its intranet and a paperless e-platform for employee benefits and training administration. Briefing sessions on green practices are held to provide staff with the necessary skills and knowledge to support the Group's green initiatives. Seminars on public affairs are organized regularly to update staff on key issues in society and encourage their participation in the community.

Staff at all levels are eligible for sponsorship to attend external job-related courses ranging from short seminars to degree programmes, and a wide range of self-learning programmes are made available. Post-training support is given so that staff can apply what they have learned and improve job performance.

Staff are encouraged to have a healthy balance between work and personal life. Seminars and workshops on stress management and mental health are staged, plus interest classes, sporting events and social functions. Many are open to family members.

Financial Review

Review of Results

Underlying profit attributable to the Company's shareholders for the year, excluding the effect of fair value changes on investment properties, amounted to HK\$13,883 million, a rise of HK\$1,468 million or 11.8% compared to HK\$12,415 million in the previous year. Net rental income for the year amounted to HK\$8,314 million, increased by HK\$1,043 million or 14.3% over the last year, benefited from positive rental reversions as well as the contribution from ION Orchard shopping mall in Singapore. Profit from property sales recorded a slight decrease to HK\$6,616 million, owing to fewer luxury residential sales in Hong Kong recognized this year. Hotel and telecommunication segments contributed an operating profit of HK\$373 million and HK\$327 million, a robust increase of 26.4% and 1.8 times, respectively, over the last year, resulting from improvement in general business conditions.

Profit attributable to the Company's shareholders for the year ended 30 June 2010 was HK\$28,043 million, an increase of HK\$17,687 million or 1.7 times compared to HK\$10,356 million for the previous year. The reported profit has included an increase in fair value of investment properties net of related deferred taxation of HK\$14,965 million for the current year compared with a decrease of HK\$2,014 million for the previous year.

Financial Resources and Liquidity

(a) Net debt and gearing

The Company's shareholders' funds as at 30 June 2010 was HK\$245,078 million or HK\$95.4 per share compared to HK\$222,268 million or HK\$86.7 per share at the previous year end. The increase of HK\$22,810 million or 10.3% was mainly due to profit attributable to the Company's shareholders for the year of HK\$28,043 million, increase in the Company's equity of HK\$672 million in respect of shares issued for scrip dividends and mark-to-market gains of HK\$250 million on available-for-sale investments, offset in part by payment of HK\$6,539 million in dividends.

The Group's financial position remains strong with a low debt leverage and strong interest cover. Gearing ratio as at 30 June 2010, calculated on the basis of net debt to Company's shareholders' funds, was 15.2%, same as at 30 June 2009. Interest cover, measured by the ratio of operating profit to total net interest expenses including those capitalized, was 15.9 times compared to 13.7 times for the previous year.

As at 30 June 2010, the Group's gross borrowings totalled HK\$45,388 million. Net debt, after deducting cash and bank deposits of HK\$8,204 million, amounted to HK\$37,184 million. The maturity profile of the Group's gross borrowings is set out as follows:

	30 June 2010	30 June 2009
	HK\$ Million	HK\$ Million
Repayable:		
Within one year	11,262	2,644
After one year but within two years	8,022	10,691
After two years but within five years	19,402	22,442
After five years	6,702	6,248
Total borrowings	45,388	42,025
Cash and bank deposits	8,204	8,143
Net debt	37,184	33,882

The Group has also procured substantial committed and undrawn banking facilities, most of which are arranged on a medium to long term basis, which helps minimize refinancing risk and provides the Group with strong financing flexibility.

With ample committed banking facilities in place, continuous cash inflow from property sales and a solid base of recurrent income, the Group has adequate financial resources for its funding requirements.

Financial Review

Financial Resources and Liquidity (cont'd)

(b) Treasury policies

The entire Group's financing and treasury activities are centrally managed and controlled at the corporate level. As at 30 June 2010, about 80% of the Group's borrowings were raised through its wholly-owned finance subsidiaries and the remaining 20% through operating subsidiaries.

The Group's foreign exchange exposure was minimal given its large asset base and operational cash flow primarily denominated in Hong Kong dollars. As at 30 June 2010, about 78% of the Group's borrowings were denominated in Hong Kong dollars, 7% in US dollars and 15% in Renminbi. The foreign currency borrowings were mainly for financing property projects outside Hong Kong.

The Group's borrowings are principally arranged on a floating rate basis. For some of the fixed rate notes issued by the Group, interest rate swaps have been used to convert the rates to floating rate basis. As at 30 June 2010, about 84% of the Group's borrowings were on floating rate basis including those borrowings that were converted from fixed rate basis to floating rate basis and 16% were on fixed rate basis. The use of derivative instruments is strictly controlled and solely for management of the Group's underlying financial exposures for its core business operations. It is the Group's policy not to enter into derivative and structured product transactions for speculative purposes.

As at 30 June 2010, the Group had outstanding fair value hedges in respect of fixed-to-floating interest rate swaps in the aggregate amount of HK\$4,044 million, cash flow hedge in respect of a floating-to-fixed interest rate swap in the amount of HK\$100 million and currency swaps (to hedge principal repayment of USD borrowings) in the aggregate amount of HK\$452 million.

As at 30 June 2010, about 69% of the Group's cash and bank balances were denominated in Hong Kong dollars, 17% in United States dollars, 12% in Renminbi and 2% in other currencies.

Charges of Assets

As at 30 June 2010, certain bank deposits of the Group's subsidiary, Smartone, in the aggregate amount of HK\$340 million, were pledged for securing performance bonds related to 3G licence and some other guarantees issued by the banks. Additionally, certain assets of the Group's subsidiaries with an aggregate carrying value of HK\$16,441 million have been charged, majority of which were for securing their bank borrowings on the mainland. Except for the above charges, all the Group's assets are free from any encumbrances.

Contingent Liabilities

As at 30 June 2010, the Group had contingent liabilities in respect of guarantees for bank borrowings of joint venture companies and other guarantees in the aggregate amount of HK\$3,041 million (30 June 2009: HK\$2,835 million).

Directors' Report

The Directors present their report for the year ended 30 June 2010:

Principal Activities

The principal activity of the Company continues to be holding investments in various subsidiaries.

The principal activities of the Group continue to be the development of and investment in properties for sale and rent, hotel operation and telecommunications. Other ancillary and supporting businesses, which are described under principal subsidiaries, jointly controlled entities and associates on pages 138 to 145, are integrated with the main business of the Group. An analysis of the Group's performance for the year by operating segments in business operation and geographical area is set out in note 2 to the financial statements.

Group Profits

Profit after taxation, including shares of profit from jointly controlled entities and associates, amounted to HK\$28,641 million (2009: HK\$10,563 million). After taking non-controlling interests into account, profit attributable to Company's shareholders was HK\$28,043 million (2009: HK\$10,356 million).

Dividends

An interim dividend of HK\$0.85 per share (2009: HK\$0.80 per share) was paid on 4 May 2010. Shareholders had the option of receiving the interim dividend in cash, or in the form of new fully paid share(s) of nominal value of HK\$0.50 each in the share capital of the Company in lieu of cash, or partly in cash and partly in shares. The Directors recommend a final dividend of HK\$1.85 per share (2009: HK\$1.70 per share) in cash, making a total dividend of HK\$2.70 per share for the full year ended 30 June 2010 (2009: HK\$2.50 per share).

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's ordinary shares during the financial year ended 30 June 2010.

Share Capital

Details of the share capital of the Company are shown in note 28 to the financial statements.

Share Premium and Reserves

Movements in the share premium and reserves of the Company and the Group during the year are shown in note 30 to the financial statements and on page 94 respectively.

Fixed Assets

Movements of fixed assets during the year are shown in notes 10 and 11 to the financial statements.

Directors' Report

Group Financial Summary

The results, assets and liabilities of the Group for the last five years are summarized on page 6.

Properties

Particulars of major investment properties held by the Group are set out on page 26.

Directors

The list of Directors is set out on page 2 of the report and their particulars are set out on pages 70 to 78.

During the year, Mr. Chan Kwok-wai, Patrick was appointed as an Executive Director and the Chief Financial Officer of the Company with effect from 8 July 2009. Dr. Cheung Kin-tung, Marvin, an Independent Non-Executive Director of the Company, retired by rotation at the annual general meeting of the Company held on 3 December 2009 and did not seek for re-election as a Director of the Company. Mr. Wong Yick-kam, Michael was re-designated as a Non-Executive Director with effect from 1 January 2010. Dr. Fung Kwok-lun, William was appointed as an Independent Non-Executive Director of the Company with effect from 1 February 2010. All other Directors held office for the whole year.

In accordance with Article 95 of the Company's Articles of Association (the "Articles of Association"), Dr. Fung Kwok-lun, William will hold office until the forthcoming annual general meeting (the "Annual General Meeting") and will be eligible for re-election. Besides, Dr. Lee Shau-kee, Mr. Wong Yick-kam, Michael, Mr. Kwok Ping-luen, Raymond, Mr. Chan Kai-ming, Mr. Chan Kui-yuen, Thomas and Mr. Kwong Chun will retire by rotation at the Annual General Meeting and, being eligible, will offer themselves for re-election at the Annual General Meeting. None of the Directors proposed for re-election has a service agreement with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

The Company has received from each Independent Non-Executive Director a confirmation of his independence pursuant to the independence guidelines under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and that the Company considered all the Independent Non-Executive Directors to be independent.

Dr. Fung Kwok-lun, William was a Non-Executive Director of HSBC Holdings plc ("HSBC Holdings") until 28 May 2010 and is currently the Non-Executive Deputy Chairman of The Hongkong and Shanghai Banking Corporation Limited ("HSBC"). HSBC Holdings and HSBC are associates of HSBC Trustee (C.I.) Limited ("HSBC Trustee") which in turn is a substantial shareholder of the Company holding certain shares of the Company as the trustee of certain trusts (the "Trusts").

Notwithstanding Dr. Fung's non-executive directorships in HSBC Holdings and HSBC as mentioned above, the Company is of the view that Dr. Fung meets the independence guidelines set out in Rule 3.13 of the Listing Rules for the following reasons: (i) HSBC Trustee did not take instructions from HSBC Holdings on the manner of exercising the voting rights in respect of the shares in the Company held under the Trusts; and (ii) Dr. Fung cannot, despite his non-executive directorships in HSBC Holdings and HSBC, control the decision making process of HSBC Trustee in relation to the exercise of the aforesaid voting rights of the shares in the Company.

Directors' Report

Directors' and Chief Executives' Interests

As at 30 June 2010, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

1. Long positions in shares and underlying shares of the Company

Name of Director	Number of shares held				Total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2010
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests				
Kwong Siu-hing	21,151	—	—	1,081,739,328 ¹	1,081,760,479	—	1,081,760,479	42.09
Lee Shau-kee	486,340	—	343,000 ²	—	829,340	—	829,340	0.03
Kwok Ping-kwong, Thomas	1,976,281	304,065	—	1,101,773,195 ¹	1,104,053,541	—	1,104,053,541	42.96
Kwok Ping-luen, Raymond	75,000	—	—	1,104,916,876 ¹	1,104,991,876	—	1,104,991,876	43.00
Wong Yue-chim, Richard	—	1,000	—	—	1,000	—	1,000	0
Li Ka-cheung, Eric	—	4,028	—	—	4,028	—	4,028	0
Fung Kwok-lun, William	120,000	9,500	—	—	129,500	—	129,500	0
Kwok Ping-sheung, Walter ³	75,000	—	—	1,087,663,522	1,087,738,522	—	1,087,738,522	42.32
Woo Po-shing	1,302,239	—	—	—	1,302,239	—	1,302,239	0.05
Lo Chiu-chun, Clement	90,000	—	—	—	90,000	—	90,000	0
Wong Yick-kam, Michael	167,099	—	—	—	167,099	—	167,099	0.01
Chan Kai-ming	41,186	—	—	—	41,186	—	41,186	0
Chan Kui-yuen, Thomas	—	66,000	126,500 ⁴	—	192,500	—	192,500	0.01
Kwong Chun	702,722	339,358	—	—	1,042,080	—	1,042,080	0.04
Wong Chik-wing, Mike	195,999	—	—	—	195,999	—	195,999	0.01
Woo Ka-biu, Jackson (Alternate Director to Woo Po-shing)	—	1,000	—	—	1,000	—	1,000	0

Notes:

1. Madam Kwong Siu-hing and Messrs. Kwok Ping-sheung, Walter, Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond were deemed to be interested in 1,065,679,347 shares in the Company by virtue of being beneficiaries of certain discretionary trusts, which represented the same interests and were therefore duplicated amongst these four Directors for the purpose of Part XV of the SFO; and Madam Kwong Siu-hing and Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond were also deemed to be interested in another 16,059,981 shares in the Company by virtue of being beneficiaries of certain discretionary trusts, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of Part XV of the SFO.
2. Dr. Lee Shau-kee was deemed to be interested in the 343,000 shares in the Company held through Superfun Enterprises Limited ("Superfun"). This corporation was wholly-owned by The Hong Kong and China Gas Company Limited ("HK China Gas") which was 39.88% held by Henderson Land Development Company Limited ("Henderson Land Development"). Henderson Land Development was taken to be 64.85% held by Henderson Development Limited ("Henderson Development"). Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of Henderson Development. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick") as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr. Lee Shau-kee. He was taken to be interested in the 343,000 shares in the Company held by Superfun by virtue of Part XV of the SFO.

Directors' Report

3. At one stage, Mr. Kwok Ping-sheung, Walter informed the Company that he was not aware of any circumstances or change of circumstances which led to the transfer or cessation of his interest in 11,743,800 shares in the Company as disclosed in the disclosure form under Part XV of the SFO dated 23 September 2009.

Subsequently in response to a statement of disclosure of interests sent by the Company to Mr. Kwok Ping-sheung, Walter for reconfirming his interests and short positions in shares and, in respect of equity derivatives, underlying shares and debentures of the Company and its associated corporations as at 30 June 2010, Mr. Kwok Ping-sheung, Walter informed the Company of his interests as follows:

"

Company name	Number of shares held				Total	Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2010
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Other interests				
Sun Hung Kai Properties Limited	75,000	—	—	1,103,723,503	1,103,798,503	—	1,103,798,503	42.95
SUNeVision Holdings Ltd.	—	—	—	1,070,000	—	—	1,070,000	0.05
SmarTone Telecommunications Holdings Ltd.	—	—	—	—	—	—	—	—
Transport International Holdings Ltd.	61,522	—	—	—	—	—	61,522	0.02

Note:

- (i) Of these shares in the Company, Madam Kwong Siu-hing, Mr. Kwok Ping-kwong, Thomas, Mr. Kwok Ping-luen, Raymond and myself were deemed to be interested in 1,081,739,328 shares by virtue of being beneficiaries of certain discretionary trusts, which represented the same interests and were therefore duplicated amongst us for the purpose of Part XV of the SFO.
- (ii) My interest in the 1,081,739,328 shares in the Company and the 1,070,000 shares in SUNeVision hold under certain discretionary trusts are currently under dispute."
4. These shares were held by a company which was obliged to act in accordance with the instructions of Mr. Chan Kui-yuen, Thomas.

2. Long positions in shares and underlying shares of associated corporations of the Company

(a) SUNeVision Holdings Ltd. ("SUNeVision")

Name of Director	Number of shares held			Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2010
	Personal interests (held as beneficial owner)	Other interests	Total			
Kwong Siu-hing	53,178	1,070,000 ¹	1,123,178	—	1,123,178	0.06
Kwok Ping-kwong, Thomas	—	1,070,000 ¹	1,070,000	—	1,070,000	0.05
Kwok Ping-luen, Raymond	—	1,742,500 ¹	1,742,500	—	1,742,500	0.08
Wong Yick-kam, Michael	100,000	—	100,000	—	100,000	0
Kwong Chun	300,000	—	300,000	—	300,000	0.01
Wong Chik-wing, Mike	109,000	—	109,000	—	109,000	0.01

Notes:

1. Of these shares in SUNeVision, Madam Kwong Siu-hing, Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond were deemed to be interested in 1,070,000 shares by virtue of being founder and/or beneficiaries of a certain discretionary trust, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of Part XV of the SFO.
2. At one stage, Mr. Kwok Ping-sheung, Walter informed the Company that he was not aware of any circumstances or change of circumstances which led to the transfer or cessation of his interest in 1,070,000 shares in SUNeVision as disclosed in the disclosure form under Part XV of the SFO dated 23 September 2009.
3. Please also refer to Note 3 under the above paragraph headed "Long positions in shares and underlying shares of the Company".

Directors' Report

(b) SmarTone Telecommunications Holdings Limited ("SmarTone")

Name of Director	Number of shares held		Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2010
	Other interests	Total			
Kwong Siu-hing	420,000 ¹	420,000	—	420,000	0.08
Kwok Ping-luen, Raymond	2,237,767 ²	2,237,767	—	2,237,767	0.43

Notes:

1. Madam Kwong Siu-hing was deemed to be interested in these shares in SmarTone by virtue of being a founder and a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.
2. Mr. Kwok Ping-luen, Raymond was deemed to be interested in these shares in SmarTone by virtue of being a beneficiary of a certain discretionary trust for the purpose of Part XV of the SFO.
3. Please also refer to Note 3 under the above paragraph headed "Long positions in shares and underlying shares of the Company".

(c) Transport International Holdings Limited ("Transport International")

Name of Director	Number of shares held		Number of underlying shares held under equity derivatives	Total	% of shares in issue as at 30.06.2010
	Personal interests (held as beneficial owner)	Total			
Kwok Ping-luen, Raymond	393,350	393,350	—	393,350	0.10
Kwok Ping-sheung, Walter ¹	61,522	61,522	—	61,522	0.02

Note:

1. Please also refer to Note 3 under the above paragraph headed "Long positions in shares and underlying shares of the Company".

(d) Each of Madam Kwong Siu-hing, Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond had the following interests in shares of the following associated corporations:

Name of associated corporation	Attributable holding through corporation	Attributable % of shares in issue through corporation as at 30.06.2010	Actual holding through corporation	Actual % interests in issued shares as at 30.06.2010
Splendid Kai Limited	2,500	25	1,500 ¹	15
Hung Carom Company Limited	25	25	15 ¹	15
Tinyau Company Limited	1	50	1 ¹	50
Open Step Limited	8	80	4 ¹	40

Note:

1. Madam Kwong Siu-hing, Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond were deemed to be interested in these shares, which represented the same interests and were therefore duplicated amongst these three Directors for the purpose of Part XV of the SFO. These shares were held by corporations under a certain discretionary trust, in which Madam Kwong Siu-hing, Mr. Kwok Ping-kwong, Thomas and Mr. Kwok Ping-luen, Raymond were deemed to be interested by virtue of being founder and/or beneficiaries for the purpose of Part XV of the SFO.

Directors' Report

(e) **Dr. Lee Shau-kee had corporate interests in shares of the following associated corporations:**

Name of associated corporation	Total number of shares held	% of shares in issue as at 30.06.2010
Anbok Limited	2 ²	50
Billion Ventures Limited	1 ³	50
Central Waterfront Construction Company Limited	1 ⁴	50
Central Waterfront Property Holdings Limited	100 ⁵	100
Central Waterfront Property Investment Holdings Limited	50 ⁶	50
CWP Limited	1 ⁷	50
Daily Win Development Limited	100 ⁸	25
E Man – Sanfield JV Construction Company Limited	1 ⁴	50
Everise (H.K.) Limited	1 ⁹	50
Fullwise Finance Limited	2 ²	50
Gold Sky Limited	1 ¹⁰	50
Jade Land Resources Limited	1 ¹¹	25
Joy Wave Development Limited	1 ⁴	50
Karnold Way Limited	2,459 ¹²	24.59
Maxfine Development Limited	3,050 ¹³	33.33
Royal Peninsula Management Service Company Limited	1 ¹⁴	50
Special Concept Development Limited	1 ¹¹	25
Star Play Development Limited	1 ¹⁵	33.33
Tartar Investments Limited	300 ¹⁶	30
Teamfield Property Limited	4,918 ¹⁷	49.18
Topcycle Construction Company Limited	1 ⁴	50
Topcycle Development Limited	1 ¹⁸	50
Topcycle Project Management Limited	1 ¹⁸	50
World Space Investment Limited	4,918 ¹⁷	49.18

Notes:

1. Dr. Lee Shau-kee was deemed to be interested in the 343,000 shares in the Company held through Superfun. This corporation was wholly-owned by HK China Gas which was 39.88% held by Henderson Land Development. Henderson Land Development was taken to be 64.85% held by Henderson Development. Hopkins as trustee of the Unit Trust owned all the issued ordinary shares of Henderson Development. Rimmer and Riddick as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr. Lee Shau-kee. He was taken to be interested in the 343,000 shares in the Company held by Superfun by virtue of Part XV of the SFO.
2. Dr. Lee Shau-kee was deemed to be interested in the two shares held through Everise (H.K.) Limited. This corporation was 50% held by Masterland Limited, a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
3. Dr. Lee Shau-kee was deemed to be interested in the one share held through Chico Investment Limited ("Chico"). This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
4. Dr. Lee Shau-kee was deemed to be interested in the one share held through E Man Construction Company Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
5. Dr. Lee Shau-kee was deemed to be interested in the 100 shares held through Central Waterfront Property Investment Holdings Limited. This corporation was 34.21% held by Starland International Limited ("Starland"), a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
6. Dr. Lee Shau-kee was deemed to be interested in a total of 50 shares of which 34.21 shares were held through Starland and 15.79 shares were held through Prominence Properties Limited ("Prominence"). Starland was wholly-owned by Henderson Land Development. Prominence was wholly-owned by HK China Gas which was 39.88% held by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.
7. Dr. Lee Shau-kee was deemed to be interested in the one share held through Starland. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.

Directors' Report

8. *Dr. Lee Shau-kee was deemed to be interested in the 100 shares held through Citiright Development Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.*
9. *Dr. Lee Shau-kee was deemed to be interested in the one share held through Masterland Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.*
10. *Dr. Lee Shau-kee was deemed to be interested in the one share held through Atex Resources Limited. This corporation was wholly-owned by Mightymark Investment Limited, a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.*
11. *Dr. Lee Shau-kee was deemed to be interested in the one share held through Citiplus Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.*
12. *Dr. Lee Shau-kee was deemed to be interested in the 2,459 shares held through Chico. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.*
13. *Dr. Lee Shau-kee was deemed to be interested in the 3,050 shares held through Quickcentre Properties Limited. This corporation was 100% held by Henderson (China) Investment Company Limited of which 100% was held by Andco Limited, a wholly-owned subsidiary of Henderson China Holdings Limited. This corporation was 100% held by Brightland Enterprises Limited, a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.*
14. *Dr. Lee Shau-kee was deemed to be interested in the one share held through Well Born Real Estate Management Limited. This corporation was wholly-owned by Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.*
15. *Dr. Lee Shau-kee was deemed to be interested in the one share held through Benewick Limited. This corporation was 100% held by Dorway Investment Limited, a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.*
16. *Dr. Lee Shau-kee was deemed to be interested in the 300 shares held through Kenforce Investment Limited. This corporation was wholly-owned by Henderson China Properties Limited, a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.*
17. *Dr. Lee Shau-kee was deemed to be interested in the 4,918 shares held through Billion Ventures Limited. This corporation was 50% held by Chico, a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.*
18. *Dr. Lee Shau-kee was deemed to be interested in the one share held through Dandy Investments Limited. This corporation was a wholly-owned subsidiary of Henderson Land Development. Dr. Lee Shau-kee was taken to be interested in Henderson Land Development as set out in Note 1.*

Save as disclosed above, as at 30 June 2010, none of the Directors and chief executives of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company and its associated corporations, that were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Schemes

1. Share option schemes of the Company

The Company once adopted a share option scheme on 20 November 1997 (the "Old Scheme"). Since its adoption, the Company had granted two lots of share options on 15 February 2000 and 16 July 2001 respectively. The first lot and the second lot of share options all expired on 14 February 2005 and 15 July 2006 respectively.

The Company by ordinary resolutions passed at its extraordinary general meeting held on 5 December 2002 adopted a new share option scheme (the "New Scheme") and terminated the Old Scheme in order to comply with the new requirements under the then revised Chapter 17 of the Listing Rules. No share options have been granted under the New Scheme to any person during the year ended 30 June 2010.

Directors' Report

Major terms of share option schemes of the Company

The major terms of the Old Scheme and the New Scheme (together as the "Schemes"), in conjunction with the requirements of Chapter 17 of the Listing Rules, are as follows:

1. The purposes of the Schemes are to provide incentives to the participants.
2. The participants of the Schemes are employees including the Executive Directors of the Company and its subsidiaries.
3. The total number of shares which may be issued upon exercise of all options to be granted under the Schemes must not in aggregate exceed 10% of the issued share capital of the Company at the date of approval of the New Scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the shareholders. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Schemes must not exceed 30% of the issued share capital of the Company from time to time. As at 20 September 2010, the number of shares available for issue in respect thereof is 2,570,039,181 shares of the Company, representing 9.08% of the issued shares of the Company.
4. No participant shall be granted an option which, if exercised in full, would result in such participant's maximum entitlement to exceed 25% of the aggregate number of shares of the Company for the time being issued and issuable under the Old Scheme.

Pursuant to the New Scheme, the total number of shares of the Company issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period to each grantee must not exceed 1% of the shares of the Company in issue.

5. The exercise period of any option granted under the Old Scheme must not be more than 5 years commencing on the date of grant. The exercise period of any option granted under the New Scheme shall be determined by the Board of Directors of the Company (the "Board") but such period must not exceed 10 years from the date of grant of the relevant option.
6. No option can be exercised during the first year of the exercise period under the Old Scheme. Pursuant to the New Scheme, the Board has the authority to determine the minimum period for which an option must be held before it can vest. The New Scheme itself does not specify any minimum holding period.
7. Pursuant to the Schemes, the acceptance of an offer of the grant of the respective options must be made within 28 days from the date of grant with a non-refundable payment of HK\$1 from each grantee.
8. The exercise price of an option to subscribe for shares granted pursuant to the Schemes shall not be less than the highest of:
 - the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date on which an offer is made to a participant, which must be a business day;
 - the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an offer is made; and
 - the nominal value of the shares of the Company.
9. The New Scheme shall be valid and effective till 4 December 2012.

Directors' Report

2. Share option schemes of the Subsidiaries

(a) SUNeVision

SUNeVision had adopted a share option scheme (the "SUNeVision Old Scheme"), the principal terms of which were summarized in the section headed "Statutory and General Information Share Option Schemes" in Appendix 5 to SUNeVision's prospectus dated 6 March 2000. By ordinary shareholders' resolutions of SUNeVision passed at its annual general meeting held on 3 December 2002, SUNeVision had adopted another share option scheme (the "SUNeVision New Scheme") and terminated the SUNeVision Old Scheme. These have become effective on 5 December 2002 as a result of the passing of ordinary resolutions approving the same by the shareholders of the Company at its extraordinary general meeting held on the same day.

(i) SUNeVision Old Scheme

Since the adoption of the SUNeVision Old Scheme, SUNeVision had granted four lots of share options, of which the options at the exercise prices of HK\$10.38 per share, HK\$3.885 per share, HK\$2.34 per share and HK\$1.43 per share expired at the close of business on 30 December 2005, 14 November 2006, 19 March 2007 and 7 July 2008 respectively. No further share options may be offered under the SUNeVision Old Scheme.

(ii) SUNeVision New Scheme

SUNeVision had granted two lots of share options under the SUNeVision New Scheme since its adoption.

The options at the exercise price of HK\$1.59 per share may be exercised in accordance with the terms of the relevant scheme as to:

- (a) an amount up to one-third of the grant within three years commencing on 29 November 2004;
- (b) the remaining amount but up to two-thirds of the grant within three years commencing on 29 November 2005; and
- (c) the remaining amount within three years commencing on 29 November 2006.

The options expired at the close of business on 28 November 2009.

The options at the exercise price of HK\$1.41 per share expired at the close of business on 9 November 2008.

During the year ended 30 June 2010, no share options were granted under the SUNeVision New Scheme.

The movements of the share options granted to the participants pursuant to the SUNeVision New Scheme during the year ended 30 June 2010 are as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options				
				Balance as at 01.07.2009	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Balance as at 30.06.2010
Directors of SUNeVision	29.11.2003	1.59	29.11.2003 to 28.11.2009 ¹	187,000	—	—	(187,000)	—
Employees of SUNeVision	29.11.2003	1.59	29.11.2003 to 28.11.2009 ¹	216,667	—	—	(216,667)	—

Note:

1. The share options are exercisable subject to the amount of one-third of the respective grants on each of the first, second and third anniversaries of the date of grant of share options as determined by the share option committee of SUNeVision which is set out in 2(a)(ii) of this section.

Other than the participants as stated above, SUNeVision had not granted since the adoption of the SUNeVision Old Scheme and the SUNeVision New Scheme any share options to any other persons as required to be disclosed under Rule 17.07 of the Listing Rules.

Directors' Report

(b) iAdvantage Limited ("iAdvantage")

SUNeVision group operated another share option scheme which was approved for iAdvantage (the "iAdvantage Scheme"), a wholly-owned subsidiary of SUNeVision. No share options were granted to any person under the iAdvantage Scheme since its adoption as required to be disclosed under the Listing Rules. The iAdvantage Scheme expired on 28 February 2010.

(c) SmarTone

Pursuant to the terms of the share option scheme of SmarTone adopted on 15 November 2002 (the "SmarTone Scheme"), SmarTone may grant options to the participants, including directors and employees of SmarTone group, to subscribe for shares of SmarTone.

The movements of the share options granted to the participants pursuant to the SmarTone Scheme during the year ended 30 June 2010 are as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options				
				Balance as at 01.07.2009	Granted during the year	Exercised during the year	Cancelled/Lapsed during the year	Balance as at 30.06.2010
Directors of SmarTone	10.02.2003	9.29	10.02.2003 to 16.07.2011	3,000,000 ¹	—	—	—	3,000,000
	10.02.2003	9.20	02.05.2003 to 01.05.2012	133,500 ²	—	—	—	133,500
	05.02.2004	9.00	05.02.2005 to 04.02.2014	970,000 ³	—	—	—	970,000
Employees of SmarTone	05.02.2004	9.00	05.02.2005 to 04.02.2014	4,550,000 ³	—	—	(242,000)	4,308,000
	01.03.2005	9.05	01.03.2006 to 28.02.2015	193,000 ⁴	—	—	—	193,000

Notes:

1. The options, in the original number of 5,000,000, can be exercised up to 20% from 10 February 2003, up to 40% from 17 July 2003, up to 60% from 17 July 2004, up to 80% from 17 July 2005 and in whole from 17 July 2006.
2. The options, in the original number of 200,000, can be exercised up to one-third from 2 May 2003, up to two-thirds from 2 May 2004 and in whole from 2 May 2005.
3. The options can be exercised up to one-third from 5 February 2005, up to two-thirds from 5 February 2006 and in whole from 5 February 2007.
4. The options can be exercised up to one-third from 1 March 2006, up to two-thirds from 1 March 2007 and in whole from 1 March 2008.

Other than the participants as stated above, no share options had been granted by SmarTone to other participants pursuant to the SmarTone Scheme as required to be disclosed under Rule 17.07 of the Listing Rules.

Directors' Report

(d) Major terms of share option schemes of the subsidiaries

(i) *SUNeVision Old Scheme, SUNeVision New Scheme and iAdvantage Scheme*

The major terms of SUNeVision Old Scheme, SUNeVision New Scheme and iAdvantage Scheme (together as "the SUNeVision Schemes"), are as follows:

1. The purposes of the SUNeVision Schemes are to provide incentives to their respective participants.
2. The participants of the SUNeVision New Scheme include (i) executive or non-executive directors (or any persons proposed to be appointed as such) or any employees (whether full-time or part-time) of each member of the SUNeVision group; (ii) any consultants, professional and other advisers to each member of the SUNeVision group (or persons, firms or companies proposed to be appointed for providing such services); (iii) any chief executives or substantial shareholders of SUNeVision; (iv) any associates of a director, chief executive or substantial shareholder of SUNeVision; and (v) any employees of substantial shareholder of SUNeVision, as absolutely determined by the board of directors of SUNeVision.

The participants of the SUNeVision Old Scheme include full-time employees of SUNeVision or its subsidiaries including executive directors of SUNeVision or its subsidiaries.

The participants of the iAdvantage Scheme include full-time employees of iAdvantage or its subsidiaries including executive directors of iAdvantage or its subsidiaries.

3. The total number of shares which may be issued upon exercise of all options to be granted under the SUNeVision Old Scheme and SUNeVision New Scheme shall not in aggregate exceed 10% of the total number of shares in issue of SUNeVision as at the date of the approval of the SUNeVision New Scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the shareholders of SUNeVision. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the SUNeVision Old Scheme and SUNeVision New Scheme must not exceed 30% of the issued share capital of SUNeVision from time to time (or such higher percentage as may be allowed under the Rules Governing The Listing of Securities on the Growth Enterprises Market of the Stock Exchange). As at 20 September 2010, the number of shares of SUNeVision available for issue in respect thereof was 197,333,417 shares of SUNeVision, representing approximately 9.71% of the issued share capital of SUNeVision.

The maximum number of shares in respect of which options may be granted under the iAdvantage Scheme must not exceed 10% of the total number of shares in issue of iAdvantage from time to time. The issued share capital of iAdvantage as at 20 September 2010 was HK\$4. No share options have been granted to any person under the iAdvantage Scheme since its adoption.

4. Pursuant to SUNeVision New Scheme, the total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue of SUNeVision. As at 20 September 2010, the total number of shares in issue of SUNeVision was 2,031,483,833.

Pursuant to SUNeVision Old Scheme and the iAdvantage Scheme, no participant shall be granted an option which, if exercised in full, would result in such participant's maximum entitlement exceeding 25% of the aggregate number of the shares of SUNeVision for the time being issued and issuable under the respective schemes.

Directors' Report

- An option granted under the SUNeVision New Scheme may be exercised at any time during the option period after the option has been granted by the board of SUNeVision. An option period is a period to be determined by the board of SUNeVision at its absolute discretion and notified by the board of SUNeVision to each grantee as being the period during which an option may be exercised, such period shall not be longer than 10 years from the date of grant of the option.

The exercise period of any option granted under the SUNeVision Old Scheme must not be less than three years to be notified by the board of SUNeVision to each grantee which period of time shall commence on the date of grant of the option and expire on such date as determined by the board of SUNeVision or 28 February 2010, whichever is the earlier, and subject to the provisions for early termination contained therein.

The exercise period of any option granted under the iAdvantage Scheme must not be less than three years to be notified by the board of iAdvantage to each grantee which period of time shall commence on the date of grant of the option and expire on such date as determined by the board of iAdvantage or 28 February 2010, whichever is the earlier, and subject to the provisions for early termination contained therein.

- Pursuant to the SUNeVision New Scheme, there is neither any performance targets that need to be achieved by the grantee before an option can be exercised nor any minimum period for which an option must be held before the option can be exercised.

Pursuant to each of the SUNeVision Old Scheme and the iAdvantage Scheme, an option may be exercised in accordance with the terms of the respective schemes at any time during a period to be notified by the respective boards to each grantee.

- Pursuant to the SUNeVision Schemes, the acceptance of an offer of the grant of the respective options must be made within 28 days from the date of grant with a non-refundable payment of HK\$1 from the grantee.

- The exercise price of an option to subscribe for shares granted pursuant to each of the SUNeVision Old Scheme and the SUNeVision New Scheme shall not be less than the highest of:

- the closing price of the shares of SUNeVision as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made to a participant, which must be a business day;
- the average of the closing prices of the shares of SUNeVision as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an offer is made; and
- the nominal value of the shares of SUNeVision.

The exercise price of an option to subscribe for shares granted pursuant to the iAdvantage Scheme shall be determined by the board of SUNeVision and notified to the grantee and shall not be less than the nominal value of the shares of iAdvantage provided that in the case of a grantee which is a director of any holding company of iAdvantage which is also listed on the Growth Enterprises Market or the Main Board of the Stock Exchange or his or her associate, the subscription price shall be determined on a fair and reasonable basis and shall not be less than the latest audited net tangible assets per share of iAdvantage.

- The SUNeVision New Scheme shall be valid and effective till 3 December 2012. The iAdvantage Scheme expired on 28 February 2010.

Directors' Report

(ii) *SmarTone Scheme*

The major terms of the SmarTone Scheme, in conjunction with the requirements of Chapter 17 of the Listing Rules, are as follows:

1. The purpose of the SmarTone Scheme is to reward participants who have made a valuable contribution to the growth of the SmarTone group and to enable the SmarTone group to recruit and/or to retain employees who are regarded as valuable to the SmarTone group or are expected to be able to contribute to the business development of the SmarTone group.
2. Any employee, agent, consultant or representative of SmarTone or any of its subsidiaries, including any director of SmarTone or any of its subsidiaries who has made valuable contribution to the growth of the SmarTone group based on his work experience, industry knowledge, performance, business connections or other relevant factors, will be eligible to participate in the SmarTone Scheme at the invitation of the directors of SmarTone.
3. SmarTone can issue options so that the total number of shares that may be issued upon exercise of all options to be granted under all the share option schemes does not in aggregate exceed 10% of the shares in issue on the date of adoption of the SmarTone Scheme. SmarTone may renew this limit at any time, subject to its shareholders' approval and the issue of a circular and in accordance with the Listing Rules provided that the number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes does not exceed 30% of the shares in issue of SmarTone from time to time. At 20 September 2010, the number of shares available for issue in respect thereof is 55,179,134 shares which represents approximately 10.50% of the issued ordinary shares of SmarTone.
4. The maximum entitlement for any participant is that the total number of shares of SmarTone issued and to be issued upon exercise of options granted and to be granted in any 12-month period up to the date of the latest grant does not exceed 1% of the relevant class of shares in issue of SmarTone.
5. No option may be exercised later than 10 years after it has been granted and no option may be granted more than 10 years after the date on which the SmarTone Scheme is adopted by SmarTone in general meeting.
6. The SmarTone Scheme does not specify any minimum holding period before the option can be exercised but the board of SmarTone has the authority to determine the minimum holding period when the options are granted.
7. Acceptance of offer to grant an option shall be sent in writing together with a remittance in favour of SmarTone of HK\$1 by way of consideration for the grant must be received by the secretary of SmarTone within 28 days from the date of the making of such offer.
8. The option price per share payable upon the exercise of any option will be determined by the directors of SmarTone upon the grant of such option. It will be at least the higher of (i) the average closing price of a share of SmarTone as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the day of offer of such option; (ii) the closing price of a share of SmarTone as stated in the Stock Exchange's daily quotations sheet on the day of offer of such option, which must be a business day; and (iii) the nominal value of a share of SmarTone.
9. The SmarTone Scheme shall be valid and effective for a period of 10 years commencing from the adoption of the SmarTone Scheme on 15 November 2002.

Directors' Report

Arrangement to Purchase Shares or Debentures

Other than the share option schemes as mentioned above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company to acquire benefits by means of the acquisition of shares in or debenture of the Company or of any other body corporate.

Interests of Substantial Shareholders

As at 30 June 2010, persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	As trustee	Corporate interests	Beneficial owner	Others	Total number of shares	% of shares in issue as at 30.06.2010
HSBC Trustee (C.I.) Limited ("HTCIL")	1,077,394,347	—	—	—	1,077,394,347 ¹	41.92
Cerberus Group (PTC) Limited ("CGPTCL", formerly known as Cerberus Group Limited)	—	1,065,679,347	—	—	1,065,679,347 ¹	41.47
Vantage Captain Limited ("VCL")	—	75,830,929	989,848,418	—	1,065,679,347 ¹	41.47

Note:

1. The shares in which VCL was interested were the same shares in which CGPTCL was interested; the shares in which CGPTCL was interested formed part of the shares in which HCTL was interested.

Save as disclosed above, as at 30 June 2010, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Interests of Other Persons

During the year, other than the interests in shares and underlying shares of the Company and its associated corporations held by the Directors, the chief executives and the substantial shareholders of the Company stated above, there were no other persons with interests recorded in the register required to be kept under Section 336 of the SFO.

Emolument Policy and Long Term Incentive Schemes of the Group

As at 30 June 2010, the Group employed more than 32,000 employees. The related employees' costs for the year amounted to approximately HK\$5,573 million. Compensation for the Group is made reference to the market, individual performance and contributions. Extensive use of bonuses to link performance with reward is adopted. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to individual needs.

A share option scheme is in place to provide appropriate long-term incentive of key staff of the Group. Details of the share option scheme of the Company are set out in the section headed "Share Option Schemes".

Basis of Determining Emolument to Directors

The same remuneration philosophy is applicable to the Directors of the Company. Apart from benchmarking against the market, the Company looks at individual competence, contributions and the affordability of the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are in place for the Executive Directors, including the share option scheme, similar to those offered to other employees of the Group.

Directors' Report

Bank and other Borrowings

Details of bank and other borrowings are set out in note 23 and note 25 to the financial statements.

Interest Capitalized

Interest capitalized during the year amounted to HK\$233 million (2009: HK\$514 million).

Charitable Donations

HK\$115 million (2009: HK\$93 million) was donated during the year.

Directors' Interests in Competing Businesses

The interests of Directors of the Company in competing businesses that are required to be disclosed pursuant to Rule 8.10 of the Listing Rules as informed by the relevant Directors are as follows:

Madam Kwong Siu-hing and Messrs. Kwok Ping-sheung, Walter, Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond (collectively the "Kwok Family") maintain certain personal and deemed interests in businesses which consist of property developments and investments in Hong Kong and Singapore. As such, they are regarded as being interested in such competing businesses with the Group (the "Excluded Businesses"). However, when compared with the dominance and size of operations of the Group, such Excluded Businesses are immaterial. The Kwok Family does not have such business in the Mainland China and is therefore not regarded as being interested in such Excluded Businesses in the Mainland China. The Group does not have property developments and investments in locations other than in Hong Kong, Mainland China and Singapore.

Messrs. Kwok Ping-sheung, Walter and Kwok Ping-luen, Raymond are Non-Executive Directors of Transport International, whose businesses consist of property development and investment. In this regard, each of Messrs. Kwok Ping-sheung, Walter and Kwok Ping-luen, Raymond is regarded as being interested in such Excluded Businesses.

Mr. Kwok Ping-luen, Raymond is a Non-Executive Director of Wing Tai Properties Limited ("Wing Tai", formerly known as USI Holdings Limited). Mr. Wong Yick-kam, Michael acted as a Non-Executive Director of Wing Tai and the Alternate Director to Mr. Kwok Ping-luen, Raymond in Wing Tai until 23 February 2010. The businesses of Wing Tai consist of property development, property investment and management, and hospitality investment and management. Therefore, Mr. Kwok Ping-luen, Raymond is regarded as being interested in such Excluded Businesses during the year whereas Mr. Wong Yick-kam, Michael is regarded as being interested in such Excluded Businesses during the period from 1 July 2009 to 23 February 2010.

Mr. Kwok Ping-sheung, Walter has interests in companies which have property development, property investment and management in Hong Kong and Mainland China. Therefore, Mr. Kwok Ping-sheung, Walter is regarded as being interested in such Excluded Businesses during the year. However, when compared with the dominance and size of operations of the Group, such Excluded Businesses are immaterial.

Dr. Lee Shau-kee is the Chairman and Managing Director of Henderson Land Development and Henderson Investment Limited ("Henderson Investment"). He is also the Chairman of Miramar Hotel and Investment Company, Limited and a Director of Hong Kong Ferry (Holdings) Company Limited. In addition to his directorships, Dr. Lee Shau-kee is also deemed as a substantial shareholder of such companies by virtue of his deemed interest therein under the Listing Rules and the SFO. The businesses of these companies principally consist of investment holding, property development and investment in Hong Kong and Mainland China, hotel operation, project and property management, construction, provision of finance and infrastructure, which may be deemed to constitute the Excluded Businesses. As such, he is regarded as being interested in such Excluded Businesses. Dr. Lee Shau-kee is a Non-Executive Director of the Company, who is not involved in the daily management of the Group.

Directors' Report

Sir Po-shing Woo is a Director of Henderson Development. He is also a Non-Executive Director of Henderson Land Development where Mr. Woo Ka-biu, Jackson acts as his Alternate Director. Sir Po-shing Woo acted as a Non-Executive Director of Henderson Investment until his retirement at its annual general meeting held on 1 June 2010 and Mr. Woo Ka-biu, Jackson ceased to be his alternate on the same day. The businesses of Henderson Development, Henderson Land Development and Henderson Investment principally consist of investment holding, property development and investment in Hong Kong and Mainland China, hotel operation, project and property management, construction, provision of finance and infrastructure. In addition, both Sir Po-shing Woo and Mr. Woo Ka-biu, Jackson hold directorships in certain companies including companies of Kailey Group and/or are entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of these companies. The businesses of these companies consist of property development and investment. Accordingly, Sir Po-shing Woo and Mr. Woo Ka-biu, Jackson are regarded as being interested in such Excluded Businesses. Sir Po-shing Woo, being a Non-Executive Director of the Company, and his alternate, Mr. Woo Ka-biu, Jackson, are not involved in the daily management of the Group.

Other than the family businesses of the Kwok Family, the above-mentioned Excluded Businesses are managed by separate companies or public listed companies with independent management and administration. In this respect, coupled with diligence of its Independent Non-Executive Directors and the Audit Committee, the Group is capable of carrying on its businesses independent of, and at arms length from, the Excluded Businesses mentioned above.

Connected Transaction

During the period from the date of the 2008/09 annual report and to the date of this report, the Company did not have any connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules.

Interest in Contracts

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest subsisted at any time during the year.

Major Customers and Suppliers

During the year, less than 30% of the Group's sales and less than 30% of the Group's purchases were attributable to the Group's five largest customers combined and five largest suppliers combined respectively.

Auditors

The retiring auditors, Messrs. Deloitte Touche Tohmatsu, have signified their willingness to continue in office. A resolution will be proposed at the Annual General Meeting to re-appoint them and to authorize the Directors to fix their remuneration.

Audit Committee

The annual results for the year have been reviewed by the Audit Committee of the Company. The Group's consolidated financial statements have been audited by the Company's auditors, Messrs. Deloitte Touche Tohmatsu, and they have issued an unqualified opinion.

Corporate Governance

A report on the principal corporate governance practices adopted by the Company is set out on pages 42 to 46.

Directors' Report

Sufficiency of Public Float

As at the date of this report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the Listing Rules.

This report is signed for and on behalf of the Board.

Kwok Ping-kwong, Thomas

Vice Chairman & Managing Director

Kwok Ping-luen, Raymond

Vice Chairman & Managing Director

Hong Kong, 20 September 2010

Directors and Organization

Directors

Kwong Siu-hing

Chairman & Non-Executive Director (Age: 81)

Madam Kwong has been the Chairman and a Non-Executive Director of the Company since May 2008. She is the wife of Mr. Kwok Tak-seng, the late Chairman of the Company. Madam Kwong has over 40 years of experience in real estate business. In addition, she has participated in various charity and community activities for Sun Hung Kai Properties-Kwoks' Foundation Limited and The T.S. Kwok Foundation Limited. Madam Kwong is well-respected by the Board and the senior management of the Company. She is the mother of Messrs. Kwok Ping-sheung, Walter, Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond and the sister of Mr. Kwong Chun.

For the financial year ended 30 June 2010, Madam Kwong received a fee of HK\$120,000 for being the Chairman of the Company.

Dr. the Hon Lee Shau-kee

GBM, DBA(Hon), DSSc(Hon), LLD(Hon)

Vice Chairman & Non-Executive Director (Age: 81)

Dr. Lee has been a Non-Executive Director of the Company for the last 38 years. He is the Founder and Chairman and Managing Director of Henderson Land Development Company Limited and Henderson Investment Limited. He has been engaged in property development in Hong Kong for more than 50 years. He is also Chairman of The Hong Kong and China Gas Company Limited and Miramar Hotel and Investment Company, Limited as well as a Director of Hong Kong Ferry (Holdings) Company Limited and The Bank of East Asia, Limited. In July 2007, the Government of the Hong Kong Special Administrative Region ("HKSAR") awarded Dr. Lee the Grand Bauhinia Medal for his distinguished community service.

For the financial year ended 30 June 2010, Dr. Lee received a fee of HK\$110,000 for being a Vice Chairman of the Company.

Kwok Ping-kwong, Thomas

MSc(Bus Adm), BSc(Eng), FCPA, SBS, JP

Vice Chairman & Managing Director (Age: 58)

Mr. Kwok is Vice Chairman and Managing Director of the Company and a member of the Executive Committee of the Company. He has been with the Group for 33 years. He is also Chairman of Route 3 (CPS) Company Limited and Joint Chairman of IFC Development Limited. He was an Executive Director of SUNeVision Holdings Ltd. and was re-designated as a Non-Executive Director thereof with effect from 14 September 2010. He is also an Independent Non-Executive Director of The Bank of East Asia, Limited. Mr. Kwok holds a Master's degree in Business Administration from The London Business School, University of London, and a Bachelor's degree in Civil Engineering from Imperial College, University of London. He is a fellow of The Hong Kong Management Association.

He is Chairman of the Board of Directors of the Faculty of Business and Economics, The University of Hong Kong, and Executive Vice President and a member of the Executive Committee of The Real Estate Developers Association of Hong Kong. He also serves as a government appointed member of the Commission on Strategic Development and a non-official member of the Provisional Minimum Wage Commission. In July 2007, the Government of the HKSAR awarded Mr. Kwok the Silver Bauhinia Star for his distinguished community service.

In the past, Mr. Kwok served as a member of the Exchange Fund Advisory Committee, the Construction Industry Council, the Council for Sustainable Development and Business Facilitation Advisory Committee. He was also a board member of the Community Chest of Hong Kong and a council member of the Hong Kong Construction Association.

Mr. Kwok is an Honorary Citizen of Guangzhou and a Standing Committee Member of the Ninth Chinese People's Political Consultative Conference Shanghai Committee.

Mr. Kwok is the son of Madam Kwong Siu-hing, the younger brother of Mr. Kwok Ping-sheung, Walter and the elder brother of Mr. Kwok Ping-luen, Raymond.

For the financial year ended 30 June 2010, Mr. Kwok received a fee of HK\$110,000 for being a Vice Chairman of the Company and other emoluments of approximately HK\$2.04 million.

Directors and Organization

Kwok Ping-luen, Raymond

MA (Cantab), MBA, Hon DBA, Hon LLD, JP

Vice Chairman & Managing Director (Age: 57)

Mr. Kwok is Vice Chairman and Managing Director of the Company and a member of the Executive Committee of the Company. He has been with the Group for 32 years. He holds a Master of Arts degree in Law from Cambridge University, a Master degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from The Open University of Hong Kong and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. He is Chairman of SUNeVision Holdings Ltd. and SmarTone Telecommunications Holdings Limited, a Non-Executive Director of Transport International Holdings Limited and Wing Tai Properties Limited (formerly known as USI Holdings Limited), and an Independent Non-Executive Director of Standard Chartered Bank (Hong Kong) Limited.

In civic activities, Mr. Kwok is a Director of The Real Estate Developers Association of Hong Kong, a member of the General Committee of The Hong Kong General Chamber of Commerce and Vice Chairman of the Council of The Chinese University of Hong Kong. Mr. Kwok is the son of Madam Kwong Siu-hing, and the younger brother of Messrs. Kwok Ping-sheung, Walter and Kwok Ping-kwong, Thomas.

For the financial year ended 30 June 2010, Mr. Kwok received a fee of HK\$110,000 for being a Vice Chairman of the Company and other emoluments of approximately HK\$2.2 million.

Yip Dicky Peter

BBS, MBA, MBE, JP

Independent Non-Executive Director (Age: 63)

Mr. Yip has been an Independent Non-Executive Director of the Company since September 2004. He is also a member of the Audit Committee and the Nomination Committee of the Company. He joined The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in Hong Kong in 1965 with working experiences in London, China and San Francisco. Mr. Yip worked in a number of departments of HSBC, which include trade services, corporate banking, group consultancy service and regional training. His previous assignment prior to becoming CEO China had been in personal financial services, covering jobs in marketing, card products, customer service and sales, with responsibilities over consumer business in Hong Kong. From January 2003 to April 2005, Mr. Yip was appointed Chief Executive China Business, based in Shanghai; meanwhile, he was also a director of Bank of Shanghai, Ping An Insurance and Ping An Bank in China. Since April 2005, Mr. Yip has become a General Manager of HSBC. He has also been appointed Executive Vice President of Bank of Communications since May 2005.

Mr. Yip is an elected associated member of the Chartered Institute of Bankers, London and was educated in Hong Kong with an MBA from The University of Hong Kong. He has a Certified Financial Planner certificate issued by the Institute of Financial Planners of Hong Kong. He received the Ten Outstanding Young Persons Award in 1984 for his contribution to the banking industry and the community in Hong Kong. Mr. Yip was awarded the MBE by the British Government in 1984. In 1999, he was appointed Unofficial Justice of Peace in Hong Kong. In 2000, he was awarded the Bronze Bauhinia Star by the Government of the HKSAR. In June 2008, he was elected a member of Shanghai Committee of the Chinese People's Political Consultative Conference. In addition, he is the Honorary Chairman of Hong Kong Chamber of Commerce in China and a member of Financial Planning Standards Council of China.

Mr. Yip is active in community and youth activities in Hong Kong and is a member of a number of service organisations such as Hong Kong Committee for United Nations Children Fund and the 8th National Council of Red Cross Society of China.

For the financial year ended 30 June 2010, Mr. Yip received fees of HK\$100,000 for being a Director of the Company and, HK\$200,000 and HK\$50,000 for being a member of the Audit Committee and the Nomination Committee of the Company respectively.

Directors and Organization

Professor Wong Yue-chim, Richard

SBS, JP

Independent Non-Executive Director (Age: 58)

Professor Wong has been an Independent Non-Executive Director of the Company since May 2005. He is the Chairman of both the Nomination Committee and the Remuneration Committee of the Company. He is Professor of Economics at The University of Hong Kong. Professor Wong has been active in advancing economic research on policy issues in Hong Kong and Mainland China through his work as founding Director of both the Hong Kong Centre for Economic Research and Hong Kong Institute of Economics and Business Strategy. Professor Wong was awarded the Silver Bauhinia Star in 1999 by the Government of the HKSAR for his contributions in education, housing, industry and technology development. In addition, he was appointed Justice of the Peace in July 2000. Professor Wong studied Economics at the University of Chicago and graduated with a Doctorate in Philosophy.

Professor Wong serves as an Independent Non-Executive Director of CK Life Sciences Int'l., (Holdings) Inc., Great Eagle Holdings Limited, Industrial and Commercial Bank of China (Asia) Limited, Orient Overseas (International) Limited, Pacific Century Premium Developments Limited and The Link Management Limited as the manager of The Link Real Estate Investment Trust. In addition, he was also an Independent Non-Executive Director of Pacific Century Insurance Holdings Limited and a member of the Managing Board of the Kowloon-Canton Railway Corporation.

For the financial year ended 30 June 2010, Professor Wong received fees of HK\$100,000 for being a Director of the Company, and HK\$60,000 for being the Chairman of each of the Nomination Committee and the Remuneration Committee of the Company.

Dr. Li Ka-cheung, Eric

GBS, OBE, JP, LLD, DSocSc., B.A.

Independent Non-Executive Director (Age: 57)

Dr. Li was appointed as a Non-Executive Director of the Company in May 2005 and is currently an Independent Non-Executive Director of the Company and a member of the Remuneration Committee of the Company. Having been a member of the Audit Committee of the Company since 2005, Dr. Li has been appointed as the Chairman of the Audit Committee in February 2010. He is also an Independent Non-Executive Director and the Chairman of the Audit Committee and the Remuneration Committee of SmarTone Telecommunications Holdings Limited.

Dr. Li is the Senior Partner of Li, Tang, Chen & Co., Certified Public Accountants. He is also an Independent Non-Executive Director of Transport International Holdings Limited, Wong's International (Holdings) Limited, Hang Seng Bank Limited, China Resources Enterprise, Limited, RoadShow Holdings Limited and Bank of Communications Co., Ltd. He was an Independent Non-Executive Director of AVIC International Holding (HK) Limited (formerly known as CATIC International Holdings Limited) and Sinofer Holdings Limited, and a Non-Executive Director of Strategic Global Investment plc. Dr. Li was a Director of Meadville Holdings Limited which has ceased to be a company listed on The Stock Exchange of Hong Kong Limited with effect from 19 April 2010.

Dr. Li is a member of The 11th National Committee of Chinese People's Political Consultative Conference, an advisor to Ministry of Finance on international accounting standards, a convenor cum member of the Financial Reporting Review Panel and a member of the Commission on Strategic Development. He was a former member of the Legislative Council of Hong Kong and the Chairman of its Public Accounts Committee and was also a past President of the Hong Kong Institute of Certified Public Accountants (formerly Hong Kong Society of Accountants).

For the financial year ended 30 June 2010, Dr. Li received fees of HK\$100,000 and HK\$50,000 for being a Director and a member of the Remuneration Committee of the Company respectively. In addition, he received fees of HK\$117,808 for being a member of the Audit Committee of the Company for the period from 1 July 2009 to 31 January 2010 and HK\$98,630 for being the Chairman of the Audit Committee of the Company for the period from 1 February 2010 to 30 June 2010, and other emoluments of approximately HK\$200,000.

Directors and Organization

Dr. Fung Kwok-lun, William

SBS, OBE, JP

Independent Non-Executive Director (Age: 61)

Dr. Fung has been an Independent Non-Executive Director of the Company since February 2010. He graduated from Princeton University with a Bachelor of Science degree in Engineering and also holds an MBA degree from the Harvard Graduate School of Business. He was conferred the degrees of Doctor of Business Administration, *honoris causa*, by The Hong Kong University of Science and Technology and by The Hong Kong Polytechnic University.

Dr. Fung is the Group Managing Director of Li & Fung Limited. He also serves as a Non-Executive Director of Convenience Retail Asia Limited, Integrated Distribution Services Group Limited and Trinity Limited. Dr. Fung is also an Independent Non-Executive Director of VTech Holdings Limited and Shui On Land Limited, and an Independent Director of Singapore Airlines Limited. He was an Independent Non-Executive Director of CLP Holdings Limited. At the conclusion of the annual general meeting of HSBC Holdings plc held on 28 May 2010, Dr. Fung retired as a Non-Executive Director of HSBC Holdings plc, an associate of HSBC Trustee (C.I.) Limited which is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") holding certain shares of the Company as the trustee of certain trusts.

Dr. Fung has held key positions in major trade associations. He is the past Chairman of the Hong Kong General Chamber of Commerce, the Hong Kong Exporters' Association and the Pacific Economic Cooperation Committee. He has been awarded the Silver Bauhinia Star by the Government of HKSAR in 2008.

For the financial year ended 30 June 2010, Dr. Fung received a fee of HK\$41,096 for being a Director of the Company for the period from 1 February 2010 to 30 June 2010.

Kwok Ping-sheung, Walter

D.Sc, Msc (Lond), DIC, MICE, JP

Non-Executive Director (Age: 59)

Mr. Kwok has been with the Group for 36 years. Mr. Kwok was Chairman and Chief Executive of the Group from 1990 to 2008. He holds an Honorary Doctor of Science degree and a Master of Science degree in Civil Engineering from the Imperial College of Science and Technology, University of London, and is a member of the Institution of Civil Engineers, U.K. and a member of the Hong Kong Institution of Engineers. He is an Honorary Fellow of the School of Accountancy of The Central University of Finance and Economics, Honorary Trustee of Tongji University and Nanjing University. He is an Executive Director of SUNeVision Holdings Ltd., a Non-Executive Director of Transport International Holdings Limited and Director of Wilson Parking (Holdings) Limited and Hung Cheong Import & Export Company, Limited.

He is also a Director of The Real Estate Developers Association of Hong Kong and Tsimshatsui East Property Developers' Association Ltd. and Honorary Treasurer of the Federation of Hong Kong Hotel Owners. On the community front, he is the Past Chairman of the Former Directors Committee of the Hong Kong Community Chest. He is also a member of MBA Programmes Committee of The Chinese University of Hong Kong and an Honorary Member of The Court of The Hong Kong University of Science and Technology.

Mr. Kwok is an Honorary Citizen of Beijing and Guangzhou and a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference. Mr. Kwok is Honorary President of The Association for the Promotion of Global Chinese Traders Fraternity Ltd. and Honorary Chairman of The Association of Global Chinese Art Collectors Fraternity. Mr. Kwok is the son of Madam Kwong Siu-hing, and the elder brother of Messrs. Kwok Ping-kwong, Thomas and Kwok Ping-luen, Raymond.

For the financial year ended 30 June 2010, Mr. Kwok received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$30,000.

Directors and Organization

Sir Po-shing Woo

Hon.LLD., FCI Arb, F.I.Mgt., FlntD, FHKMA

Non-Executive Director (Age: 81)

Sir Po-shing Woo has been a Non-Executive Director of the Company since August 1972. He is a Director of Henderson Development Limited, a Non-Executive Director of Henderson Land Development Company Limited and a consultant of Jackson Woo & Associates in association with Ashurst Hong Kong. He was admitted to practise as solicitor in England and Hong Kong and is also a fellow of The Hong Kong Management Association, The Chartered Institute of Arbitrators, The Institute of Management and The Institute of Directors of England. He was awarded an Hon.LLD. by The City University of Hong Kong and is a fellow of King's College of London as well as Honorary Professor of Nankai University of Tianjin. He is also the Founder of the Woo Po Shing Medal in Law and the Woo Po Shing Overseas Summer School Travelling Scholarship, both at The University of Hong Kong, and the Woo Po Shing Professor (Chair) of Chinese and Comparative Law at The City University of Hong Kong. He is the father of Mr. Woo Ka-biu, Jackson, an Alternate Director of the Company.

Sir Po-shing Woo was a Non-Executive Director of Henderson Investment Limited. He retired by rotation at the annual general meeting of Henderson Investment Limited held on 1 June 2010 and did not offer himself for re-election as director.

For the financial year ended 30 June 2010, Sir Po-shing Woo received a fee of HK\$100,000 for being a Director of the Company.

Kwan Cheuk-yin, William

LLB

Non-Executive Director (Age: 75)

Mr. Kwan has been a Non-Executive Director of the Company since July 1999 and is a member of the Nomination Committee of the Company. As a Managing Partner with the solicitors firm of Woo, Kwan, Lee & Lo, Mr. Kwan has 48 years of experience in legal practice. He is a former Director and Advisor and currently a voting member of the Tung Wah Group of Hospitals, a past member of the Stamp Advisory Committee, Chairman of the Hong Kong Scout Foundation, President of the Hong Kong Branch of the King's College London Association, President of the Hong Kong Philatelic Society, Life Member of the Federation of Inter-Asia Philately, a permanent advisor of Wah Yan (Hong Kong) Past Students Association, a Director and Honorary Secretary of Wah Yan Dramatic Society, a committee member and legal advisor of South China Athletic Association and former Vice Manager of its Football Section as well as Manager of its Ten Pin Bowling Section and an Honorary Legal Advisor of the Hong Kong Society for Reproductive Society.

Mr. Kwan was Commissioner General and Vice Chairman of the Organizing Committees of the Hong Kong 1994, 1997, 2001, 2004 and 2009 International Stamp Exhibitions. He served on the Hong Kong Golf Club General Committee on several occasions in various capacities. He graduated from King's College, London University and is a Fellow of King's College London, the Institute of Arbitrators and the Royal Philatelic Society, London.

For the financial year ended 30 June 2010, Mr. Kwan received fees of HK\$100,000 and HK\$50,000 for being a Director and a member of the Nomination Committee of the Company respectively.

Directors and Organization

Lo Chiu-chun, Clement

Non-Executive Director (Age: 80)

Mr. Lo was an Executive Director and the Company Secretary of the Company for 28 years before he resigned from both positions in February 1998. He is currently a Non-Executive Director of the Company and a member of the Remuneration Committee of the Company. He has been in the property development industry since the 1960s.

For the financial year ended 30 June 2010, Mr. Lo received fees of HK\$100,000 and HK\$50,000 for being a Director and a member of the Remuneration Committee of the Company respectively.

Wong Yick-kam, Michael

BBA, MBA

Non-Executive Director (Age: 58)

Mr. Wong was an Executive Director of the Company from January 1996 to December 2009, and became a Non-Executive Director and the Group Principal Advisor of the Company since January 2010. He has been a member of the Audit Committee of the Company since February 2010. He had been with the Group for 28 years before he retired from his executive roles. He obtained his Bachelor of Business Administration and Master of Business Administration degrees from The Chinese University of Hong Kong.

Mr. Wong is a Director of Vantage Captain Limited, a substantial shareholder of the Company within the meaning of Part XV of the SFO. He was an Executive Director of SUNeVision Holdings Ltd., a Non-Executive Director and a member of the Audit Committee of SmarTone Telecommunications Holdings Limited and the Deputy Chairman and a Non-Executive Director of RoadShow Holdings Limited. He was also a Non-Executive Director, an Alternate Director to Mr. Kwok Ping-luen, Raymond and a member of the Audit Committee of Wing Tai Properties Limited.

Mr. Wong is Chairman of the Hong Kong Youth Hostels Association. He is a member of the Government of HKSAR's Steering Committee on Promotion of Volunteer Service, Steering Committee on Child Development Fund, Steering Committee on Promotion of Electric Vehicles and Social Welfare Advisory Committee. He is a member of the Board of Governors of Hong Kong Sinfonietta Limited. He is also a member of the Board of Trustees of New Asia College, The Chinese University of Hong Kong, and a member and Treasurer of the Council of The Open University of Hong Kong.

For the financial year ended 30 June 2010, Mr. Wong received fees of HK\$100,000 for being a Director of the Company and HK\$82,192 for being a member of the Audit Committee of the Company for the period from 1 February 2010 to 30 June 2010, and other emoluments of approximately HK\$16.17 million.

Chan Kai-ming

CEng, FStructE, MICE

Executive Director (Age: 78)

Mr. Chan has been an Executive Director of the Company since January 1981. He is also a member of the Executive Committee of the Company. He also served as an appointed Member of the District Board of Shatin for three years from 1985.

For the financial year ended 30 June 2010, Mr. Chan received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$3.27 million.

Directors and Organization

Chan Kui-yuen, Thomas

B Comm

Executive Director (Age: 64)

Mr. Chan has been an Executive Director of the Company since September 1987. He is also a member of the Executive Committee of the Company. He graduated from the United College, The Chinese University of Hong Kong. He joined the Group in 1973 and is now responsible for land acquisitions and project planning matters. Mr. Chan was an Executive Director of SUNeVision Holdings Ltd. and was re-designated as a Non-Executive Director thereof with effect from 14 September 2010. He was awarded as Honorary University Fellowship of The Open University of Hong Kong in 2007.

Mr. Chan is a committee member of Infrastructure Development Services Advisory Committee and China Trade Advisory Committee of Hong Kong Trade Development Council. He is also a committee member of China Sub-Committee of The Real Estate Developers Association of Hong Kong and Land Sub-Committee of Land and Development Advisory Committee. In addition, he is a Director of The Hong Kong Vietnam Chamber of Commerce and a member of the MBA Advisory Board of The University of Hong Kong.

In the past, Mr. Chan was a council member of The Open University of Hong Kong and a member of the Health Care Study Group of The Bauhinia Foundation Research Centre. He was also an ordinary member of the Estate Agents Authority.

For the financial year ended 30 June 2010, Mr. Chan received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$10.47 million.

Kwong Chun

Executive Director (Age: 81)

Mr. Kwong has been an Executive Director of the Company since October 1992. He is also a member of the Executive Committee of the Company. He graduated from the Zhong Nan Finance & Economics College of Wuhan in China. He worked for the Guangzhou office of the People's Bank of China before coming to Hong Kong in 1962 to work for Eternal Enterprises Limited. He was transferred to Sun Hung Kai Enterprises Limited in 1963. In 1972, the Company became a listed company and he has worked for it ever since. Mr. Kwong is the younger brother of Madam Kwong Siu-hing.

For the financial year ended 30 June 2010, Mr. Kwong received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$4.3 million.

Wong Chik-wing, Mike

MSc(IRE), FHKIS, RPS (BS), JP

Executive Director (Age: 54)

Mr. Wong graduated from The Hong Kong Polytechnic University with distinction and holds a Master degree in International Real Estate. He is a fellow of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor. He joined the Group in 1981 and has been appointed as an Executive Director of the Company since January 1996. He is a member of the Executive Committee of the Company and is currently responsible for project management matters of the Group's development projects.

For the financial year ended 30 June 2010, Mr. Wong received a fee of HK\$100,000 for being a Director of the Company and other emoluments of approximately HK\$15.13 million.

Directors and Organization

Chan Kwok-wai, Patrick

MBA, FCPA, FCCA, ACIS, TEP

Executive Director & Chief Financial Officer (Age: 54)

Mr. Chan has been an Executive Director and the Chief Financial Officer of the Company since July 2009. He is also a member of the Executive Committee of the Company. He obtained a Master of Business Administration degree from the University of Warwick, England in 1993. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a member of The Institute of Chartered Secretaries and Administrators, and Society of Trust and Estate Practitioners.

Mr. Chan started his career at Ernst & Young and worked for a number of banks and listed companies in Hong Kong, including Chase Manhattan Bank, Australia and New Zealand Banking Group and Dah Sing Financial Group. He joined Hang Seng Bank Limited ("Hang Seng") as Assistant General Manager and Head of Financial Control Division in July 1995. In 1998, he took up the role of Chief Financial Officer, responsible for the planning and control of Hang Seng's financial direction, as well as overseeing Hang Seng's financial standards and discipline. He sat on the Executive Committee of Hang Seng and was also in charge of the Strategic Planning and Corporate Development function managing all merger and acquisition projects and strategic investments. He also looked after Hang Seng's investor relations programme. He was promoted to Deputy General Manager in 2003 and was appointed as an Executive Director and General Manager in December 2005. He ceased to be an Executive Director of Hang Seng in May 2009. He was previously also a Vice-Chairman of Hang Seng Bank (China) Limited, and a Director, an Executive Committee member and a Remuneration Committee member of Industrial Bank Co., Ltd.

Mr. Chan is a member of the Quality Education Fund Steering Committee, a member of the Protection of Wages on Insolvency Fund Board, a member of the HKSAR Government Scholarship Fund Investment Committee, a member of the Investment Sub-committee of the Beat Drugs Fund Association, HKSAR, a Council member and Chairman of the Audit Committee of the Hong Kong Examinations and Assessment Authority, a member of the Admissions, Budgets and Allocations Committee of The Community Chest of Hong Kong, a member of the General Committee of The Chamber of Hong Kong Listed Companies, Convenor of the Working Group of Finance Directors/Financial Controllers of the Real Estate Developers Association of Hong Kong and a member of the Professional Development Sub-committee of the ACCA Hong Kong. He is a Director of Hang Seng School of Commerce and a member of the Board of Governors of Hang Seng Management College Limited. Mr. Chan is an Advisory Board member of several universities in Hong Kong, and also a member of the Investment Committee of the Foundation of Tsinghua University Centre for Advanced Study Co. Ltd.

For the financial year ended 30 June 2010, Mr. Chan received a fee of HK\$98,082 for being a Director of the Company for the period from 8 July 2009 to 30 June 2010. Up to August 2010, he also received other emoluments of approximately HK\$14.31 million, inclusive of a sum paid to him for his loss of selected benefits from his last employment.

Woo Ka-biu, Jackson

MA (Oxon)

Alternate Director to Sir Po-shing Woo (Age: 48)

Mr. Woo was appointed as an Alternate Director to Sir Po-shing Woo in October 2002. Mr. Woo is a Director of Kailey Group of Companies. He holds a Master's degree in Jurisprudence from Oxford University and is qualified as a solicitor in Hong Kong, Australia, England and Wales. Mr. Woo is currently a partner of Jackson Woo & Associates in association with Ashurst Hong Kong and was a director of N M Rothschild & Sons (Hong Kong) Limited. Prior to that, he was a partner in the corporate finance department of Woo, Kwan, Lee & Lo. Mr. Woo is also an Alternate Director to Sir Po-shing Woo, a Non-Executive Director of Henderson Land Development Company Limited. Following Sir Po-shing Woo's retirement as a Non-Executive Director of Henderson Investment Limited at its annual general meeting held on 1 June 2010, Mr. Woo ceased to be an Alternate Director to Sir Po-shing Woo. In January 2008, Mr. Woo was awarded 2008 World Outstanding Chinese Award by the United World Chinese Association and Honorary Doctor Degrees from The University of West Alabama. He is the son of Sir Po-shing Woo.

Pursuant to the Articles of Association of the Company, Mr. Woo shall not be entitled to receive from the Company any remuneration in respect of his appointment as Alternate Director except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.

Directors and Organization

Save as disclosed above, all the Directors and Alternate Director of the Company did not hold any other directorships in the last three years in any other public companies, the securities of which are listed in Hong Kong or overseas and do not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

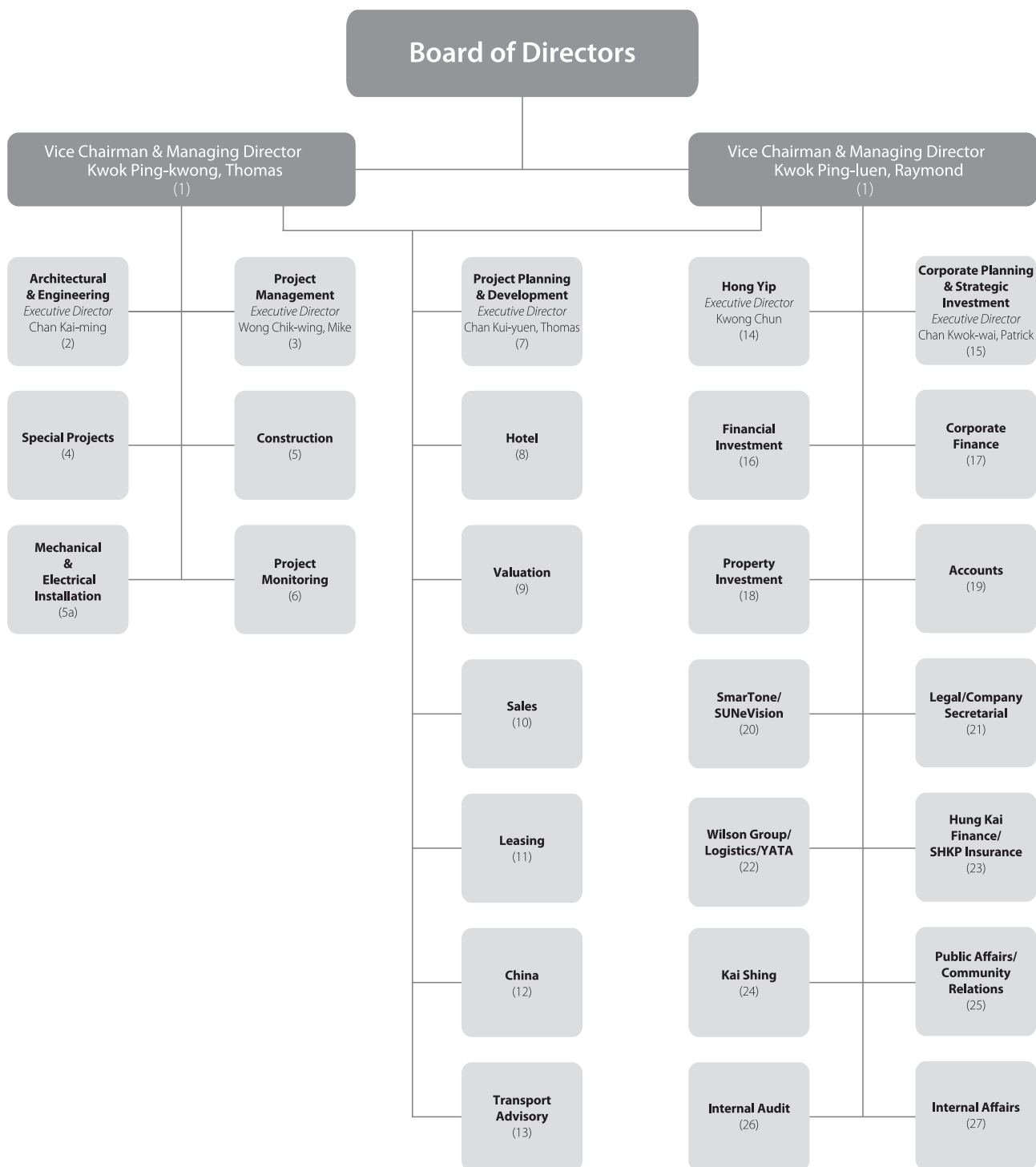
All the Directors and Alternate Director of the Company have not entered into any service contract with the Company. Directors are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. For the Non-Executive Directors, they are also subject to a term of approximately two years commencing from the date of the annual general meeting at which they are re-elected and expiring at the commencement of the annual general meeting to be held two years thereafter, and they shall be eligible for re-election at that annual general meeting upon the expiry of their term of office. The Directors' fees are proposed by the Board and approved by the shareholders at the annual general meeting and their other emoluments are subject to review by the Board from time to time pursuant to the power given to it under the Articles of Association of the Company with reference to their contribution in terms of time, effort and accomplishments.

Senior Management

The Executive Directors of the Company are also members of senior management of the Group.

Directors and Organization

ORGANIZATION CHART & SENIOR EXECUTIVES



Directors and Organization

(1) Executive Committee

Kwok Ping-kwong, Thomas

MSc(Bus Adm), BSc(Eng), FCPA, SBS, JP
Vice Chairman and Managing Director

Kwok Ping-luen, Raymond

MA(Cantab), MBA, Hon DBA, Hon LLD, JP
Vice Chairman and Managing Director

Chan Kai-ming

CEng, FStructE, MICE
Executive Director (Architectural & Engineering)

Chan Kui-yuen, Thomas

B Comm
Executive Director
(Project Planning & Development)

Kwong Chun

Executive Director (Building Management)

Wong Chik-wing, Mike

MSc(IRE), FHKIS, RPS(BS), JP
Executive Director (Project Management)

Chan Kwok-wai, Patrick

MBA, FCPA, FCCA, ACIS, TEP
Executive Director & Chief Financial Officer
(Corporate Planning & Strategic Investment)

(1a) Chairman's Office

Yung Wing-chung

Corporate Advisor

Chien Yuan-hwei, George

BSc(Eng), MSc, DIC, CEng, PEng, FICE, FITE
Transportation Advisor

Chin Ping-fai, Johnny

MA
Manager

Overton, Thomas Mc Donald

BSc, MBA
Manager

Ho Tak-ming, Benny

BSc, MSc, CFA, CAIA, FRM
Deputy Manager

Li Ka-wa, Terry

MSoc.Sc, BSoc.Sc
Assistant Manager

(2) Architectural and Engineering

Chan Kai-ming

CEng, FStructE, MICE
Executive Director

a. **Sitt Nam-hoi**

BA(Hons), BArch(Distinction), HKIA
Registered Architect
Authorized Person
Chief Architect

Li Kwong-hing

BSc(Eng), MSc, DIC, CEng, MIMechE,
FCIBSE, MHKIE, RPE
Chief Building Services Engineer

Lau Chi-kin

MSc, CEng, FStructE, FHKIE, MICE, RSE, RPE,
1RSE-PRC
Authorized Person
Chief Structural Engineer

Ng Tze-kwan, Jeff

BArch, MAIBC, MRAIC, HKIA
Registered Architect
Authorized Person
Deputy Chief Architect

Choi Siu-chuen

MHKIE
Deputy Chief Building Services Engineer

Li Ka-wing

Deputy Manager

Chan Wai-hing, Clara

Deputy Manager

Lam Kwok-leung, Kelvin

BSc(Eng), CEng, MStructE, MHKIE, RPE, RSE
Deputy Chief Structural Engineer

Chiu Wai-kuen, Stephen

BSc(Eng)
Deputy Manager

Tang Wai-man, Tony

BA(AS), BArch, HKIA
Registered Architect
Authorized Person
PRC Class I Registered Architect Qualification
Deputy Manager

Ng Hin, Felix

BA(AS), MArch, HKIA
Registered Architect
Authorized Person
Deputy Manager

Lau Kay-shui

MSc, CEng, MStructE, MHKIE, RPE, RSE
Senior Structural Engineer

Wong Ka-man, Carmen

BA(AS), MArch, HKIA
Registered Architect
Authorized Person
Assistant Manager

Yuen Chung-ah, Michael

BA(Hons), BArch, RIBA, HKIA
Registered Architect
Design Architect

Sin Wai-man, Abby

BLA(Hons), OALA, CSLA
Registered Landscape Architect (Canada)
Assistant Manager

Toh Suan-sim

BArchSt, BArch(Hons)
Registered Architect (Singapore)
Assistant Manager

Leung Hok-man, Ricky

BEng(Hons), CEng, MStructE, MHKIE,
MIEAust, CPEng, RPE
Senior Structural Engineer

Wu Chi-wing

BEng(Hons)
Senior Structural Engineer

Kong Yuk-ming, Simon

BA(AS), MArch, HKIA
Registered Architect
Assistant Manager

Lam Chun-yin, Kevin

BEng(Hons), MSc, CEng, MStructE, MHKIE
RPE, RSE, 1RSE-PRC
Senior Structural Engineer

b. **Leung Yuen-dick**

BArch, MA Arb, HKIA
Registered Architect
Authorized Person
PRC Class I Registered Architect Qualification
Manager

Leung Chi-keung, Barry

BA(AS), BArch, HKIA
Registered Architect
PRC Class I Registered Architect Qualification
Assistant Manager

Fung Siu-man, Shirley

BA(AS), MArch, HKIA
Registered Architect
Authorized Person
Assistant Manager

(3) Project Management

Wong Chik-wing, Mike

MSc(IRE), FHKIS, RPS(BS), JP
Executive Director

Tam Tin-fong, Martin

BArch, RIBA, FHKIA
Registered Architect
Authorized Person
PRC Class I Registered Architect Qualification
Manager

Sitt Nam-hoi

BA(Hons), BArch(Distinction), HKIA
Registered Architect
Authorized Person
Manager

Au Yeung Shiu-keung

BSc(Eng), CEng, FHKIE, FCIBSE, FIET, FIEAust
Manager

Directors and Organization

Lee Tit-sun, Augustine

BArch, FHKIA
Registered Architect
Authorized Person
Manager

Chu Kwok-kit, Ringo

BA(AS), BArch, HKIA
Registered Architect
Authorized Person
Manager

Ng Chak-kin, Clarence

BA(AS), BArch, RIBA, HKIA
Registered Architect
Authorized Person
Deputy Manager

Woo Yan-fan, Stella

BA(AS), MArch, MBA, HKIA
Registered Architect
Authorized Person
Deputy Manager

Chan Hong-ki, Robert

BSc, MRICS, MHKIS, RPS(BS)
Authorized Person
Deputy Manager

Tsang Wai-ming, Thomas

BArch, MCI Arb, AHKI Arb, RIBA, HKIA, RAIA, MAIB
Registered Architect
Authorized Person
Deputy Manager

Wong Wai-yin, May

BID, ASID
Deputy Manager

Cheung Chin-hung, Sunny

BEng(Hons), CEng, MHKIE, MICE, MGS HK,
EUR.ING, RPE
Deputy Manager

Chiu Hon-hang, Elvin

BES, BEDS, BArch, HKIA, PFM
Registered Architect
Authorized Person
Assistant Manager

Ng Chau-ming, Nelson

BEng, CEng, MStructE, MHKIE, RPE
Assistant Manager

Tsang Chun-wing, Donald

MSc(Eng), MBA, CEng, MStructE, MHKIE, RPE
Assistant Manager

Cheung Chi-ping, Ricardo

BSc, MBA, MRICS, MHKIS, MACostE, AAIQS,
RPS(QS)
Assistant Manager

Yuen Yiu-ming, Kelvin

BSc(Hons), MRE, MAIBS, MRICS, MHKIS
Assistant Manager

Pau Wai-keung

MEEM, MEM, CEng, CFM, MHKIE, MCIBSE,
MIEE, MASHRAE, MHKCS, RPE,
FSOE, SMCMEs, CSME
Assistant Manager

Ng Muk-kwai, Rayson

MBA, CEng, MIMechE, MCIBSE, MHKIE, RPE
Assistant Manager

Chan Shing-kwong, David

BA(AS), BArch, RIBA, HKIA
Registered Architect
Assistant Manager

Law Wei-man, Sabrina

BA(Hons), DipArch, MBA, HKIA
Registered Architect
PRC Class I Registered Architect Qualification
Assistant Manager

Cheung Kam-cheung, Angus

BA(AS), MArch, MCI Arb, HKIA
Registered Architect
Authorized Person
Assistant Manager

Kwok Wing-kwong

MSc(Eng), PhD, CEng, MIMechE,
MHKIE, MCIBSE, MIFireE, RPE
Assistant Manager

Seng Hok-hung, Robert

BSc, PCHKL, LL.M, MA Arb, MSc(Real Est),
MCI Arb, MCI OB, MRICS, MHKIS
Assistant Manager

Wong Ho-ming, Daniel

BSc, MHKIS, MRICS, RPS(BS)
Assistant Manager

Chau Yip, Rebecca

BA(AS), MArch, HKIA
Registered Architect
Assistant Manager

Mok Kai-wa, Andy

BA(AS), MArch, HKIA
Registered Architect
Assistant Manager

Kot Chung-wai

Assistant Manager

(4) Special Projects

Tung Chi-ho, Eric

BA(AS)Hons, BArch, HKIA
Registered Architect
Authorized Person
Executive Director
Sun Hung Kai Real Estate Agency Ltd

Chung Wing-tim, Alain

BA(AS)Hons, BArch, HKIA
Registered Architect
Authorized Person
Manager

Chan Lai-man, Raymond

BSc(Eng), MBA, MHKIS, MHKIE,
MCI OB, MHKICM
Deputy Manager

Cheung Wai-tak, Vitus

BSc (Eng), MHKIE, MCIBSE, MIEAust, MIEE
Deputy Manager

So Wai-lik, Johnson

BSc, MBA, FRICS, FHKIS, FSZCEA,
ACI Arb, AHKI Arb, RPS(QS)
Deputy Manager

Mak Mang-tim, Timothy

BA(Hons), BArch, HKIA
Registered Architect
Authorized Person
Deputy Manager

Tse Pak-wing

Assistant Manager

Kung Chi-ming, Keith

BA(AS), MArch, MSc, HKIA
Registered Architect
Assistant Manager

Choy Chung-kei

BEng(Hons), MSc(Eng), CEng, MCIBSE,
MHKIE, FSOE
Assistant Manager

(5) Construction

Wong Chik-wing, Mike

MSc(IRE), FHKIS, RPS(BS), JP
Executive Director

Kwok Leung Kit-kan, Ingrid

MSc(Bus Adm), BSc(Hons), CEng,
MBCS, MHKIE, CITP
Manager

Tsoi Siu-ho, Robert

BSc, MSc, DipCon, FCPA, ARCS, DIC
Manager (Central Functions)

Lee Bing-shu

Consultant (Construction Management)

Mo Kon-fei, Kenneth

MSc(Eng), MBA, LLB, DipMS, MHKIE,
CEng, MICE, RSE, 1RSE-PRC
Authorized Person
Manager (Construction Management)

Tsoi Yuk-man, Desmond

MA, MSc, FCI Arb, MRICS, MHKIS, MCI OB
Manager (Construction Management)

Lee Kwok-wa, Chris

MAIB
Manager (Construction Management)

Chan Hon-ye

ACMA, CPA
Deputy Manager (Construction Management)

Directors and Organization

Hui Lin-sing, Roger

BSc(Eng), CEng, MICE, MStructE, MHKIE, RPE, RSE
Deputy Manager (Construction Management)

Fung Chi-on, Ricky

Deputy Manager (Purchasing)

Lau Wai-keung, Dennis

MRICS, MHKIS
Deputy Manager
(Contract Subletting and Quantity Surveying)

Chan Kin-wah, Jonathan

MEM, AssocRICS, TAHKIS
Deputy Manager (Contract Subletting)

Lam Fuk-wing

BSc(Civil Eng)
Deputy Manager (Construction Management)

Cheung Kam-fan

BBA
Deputy Manager (Construction Management)

Ng Kwok-cheung, Barry

BCSc(Hons), MBA
Assistant Manager (Information Technology)

Chong Mo, Simon

BSc, MSc
Assistant Manager (Information Technology)

Lai Wai-ching, Phoebe

MSc, FCCA, CPA
Assistant Manager (Accounting)

Chan Ying-kuen, David

Assistant Manager (Accounting)

Lai Siu-ki, Pele

MBA, MIHRM(HK), MHKMA, PMgr, IPMP Trainer, Certified HR Professional – PRC
Assistant Manager
(Human Resources & Administration)

Mak Kwok-leung

BSc, MBA, CEng, MIMechE, MHKIE, RPE
Assistant Manager (Plant & Machinery)

Kong Chi-keung, Danie

Assistant Manager (Purchasing)

Yu Shui-kee, Quincy

MRICS, MHKIS
Assistant Manager (Quantity Surveying)

Mak Tak-yin, Jay

BSc, MSc, MRICS, MHKIS, MCI Arb, RPS(QS)
Assistant Manager (Quantity Surveying)

Hui Chi-kin, Ronnie

BEng, CEng, MIMechE, MHKIE, MCIBSE, MIEAust, MASME, MASHRAE, RPE
Assistant Manager (Mechanical & Electrical)

Lo Wai-leung, Clint

GDipAppSc(OHS), MAppSc(Safety Mgt), ASA, RSA, RSO(HK & Guangdong), MIOSH, MIIRSM, MASSE, POSHA, FHKISA, MSASA, MSRSO
Assistant Manager (Safety & Security)

Wat Ka-ming

Assistant Manager (Accounting)

(5a) Mechanical and Electrical Installation

Yu Yiu-wing

Consultant

Tsoi Siu-ho, Robert

BSc, MSc, DipCon, FCPA, ARCS, DIC
Manager

Lam Chung-mo, Moses

BEng(Hons), CEng, MIEE, MHKIE, RPE
Deputy Manager

Sin Hung-fai

Deputy Manager (Fire Services)

Tam Ping-ip

DMS, MIEEE
Assistant Manager (Electrical Services)

Ng Chung-ming

Assistant Manager (Fire Services)

Chan Chor-tat, Gilbert

Assistant Manager (Fire Services)

Pang Ki-kai

AiIM
Assistant Manager (Electrical Services)

(6) Project Monitoring

Lu Chee-yuen, Spencer

BEng, MEng, CEng, MStructE, MHKIE, RPE
Authorized Person
Manager

Wong Wai-tung

MA Arb, DipArb, FHKIE, FCI OB, FCI Arb, RPE
Deputy Manager

Tsang Wai-keung, Savio

MBA, MRICS, MHKIS, MCI OB, MHKICM, MCI Arb, MASI
Deputy Manager

Ip Tak-pan, Ben

BSc(Hons), MHKIS, MRICS, MACostE, MHKICM, MSBHK, MIMS, RPS(QS)
Assistant Manager

(7) Project Planning and Development

Chan Kui-yuen, Thomas

B Comm
Executive Director

Wong Chik-wing, Mike

MSc(IRE), FHKIS, RPS(BS), JP
Executive Director

Chu Kwok-kit, Ringo

BA(AS), BArch, HKIA
Registered Architect
Authorized Person
Manager

Lu Chee-yuen, Spencer

BEng, MEng, CEng, MStructE, MHKIE, RPE
Authorized Person
Manager

Fung Man-lok, Ronnie

MHKIS
Manager

Chan Po-ling, Margaret

BES(Hons), MSc(GIS), MHKIP, MCIP
Registered Professional Planner
PRC Registered Urban Planner Qualification
Deputy Manager

(8) Hotel

Ricco M. DeBlank

Chief Executive Officer, Hotel Division

Chow Yum-chong, Francis

FCCA, FCPA
Vice President (Finance), Hotel Division

Cheung Kin-man, Ricky

B Comm, CPA, CPA(Aust.)
Deputy Vice President (Finance), Hotel Division

Cheung Chun-tim

BBA, LLB(Hons)
Deputy Vice President (Finance), Hotel Division

a. The Royal Garden

Chan Tin-yau, Keven

CHSP
General Manager

Chan Chun-keung, Louis

Director of Operations

Chan Suk-ching, Jenny

Hotel Manager

Lai Che-wah, Johnny

Executive Assistant Manager

Yuen Ching-hoi, Horace

Financial Controller

b. Royal Park Hotel

Cheung Cheuk-man, Carman

General Manager

Tam Kam-ming, Andrew

Financial Controller

Directors and Organization

c. Royal Plaza Hotel

Wong Chak-fung, Peter

PhD, CHA, FHKIoD, FCMI, FIH, MIMC,
MBCS, MTMA
General Manager

Lee Chi-wah, Howard

MA, BA
Executive Assistant Manager

Lee Chi-keung, Marvey

ACCA, MAAT
Financial Controller

d. Royal View Hotel

Au Ka-yiu, Stephen

General Manager

Choi Kwok-ning, Philips

Financial Controller

(9) Valuation

Fung Chu-hee, Andrew

MSc(IRE), MRICS, MHKIS, RPS(GP)
Chartered Valuation Surveyor
Manager

Chew Wai-wah, Canny

BSc(Real Est), MRICS, MHKIS, RPS(GP)
Assistant Manager

(10) Sales

a. Lui Ting, Victor

BBA
Executive Director
Sun Hung Kai Real Estate Agency Ltd

Chan Hon-lun, Andy

BSc(Hons), MRICS, MHKIS, RPS
Assistant Manager

Woo Chi-yuen, Allen

BSc(Hons), MRICS, MHKIS
Assistant Manager

b. Chow Kwok-yin, Eric

Executive Director
Sun Hung Kai Real Estate Agency Ltd

Cheuk Sau-mun, Amy

BSc(Hons)
Deputy Manager

Yim Dao-kit

Deputy Manager

Yang Joe-tsi, Edgar

MA
Deputy Manager

Ip Hoi-leung, Dolphin

MEM
Assistant Manager

Lam Ching-lung, Timothy

B Comm
Assistant Manager

c. Tung Chi-ho, Eric

BA(AS)Hons, BArch, HKIA
Registered Architect
Authorized Person
Executive Director
Sun Hung Kai Real Estate Agency Ltd

Tam Sik-cham

BSc
Assistant Manager

(11) Leasing

Retail

a. Chan Kai-ming

CEng, FStructE, MICE
Executive Director

Lam Ka-keung, Henry

BSc(Hons), MSc(Const & Real Est)
Manager

Yau Hin-chung, William

BA(AS)
Deputy Manager

Budhrani Tony

Assistant Manager

b. Fung Sau-yim, Maureen

BSc(Hons)Est. Mgt., MHousMan(Distinction),
MBA, MRICS, FISCAM, FIIM, MHIREA
Manager

Lee Pik-kee, Michelle

BA(Hons), MBA, MISCM
Assistant Manager

Wong Ka-yu, Janet

Dip(Mktg), AISCAM
Assistant Manager

Keung Chi-wai, Chris

BSc, MBA, AISCAM
Assistant Manager

c. Chung Sau-lin, Fiona

BBA, MBA, MRICS, MHKIS
Manager

d. El-Azar, Karim Naji

Assistant Manager

e. Ho Lick-tin

Manager

Fung Yick-lam, Cris

Deputy Manager

Office

Wong Chin-wah, Jimmy

BSc(Est Mgt), Cert Ed, MSISV, MHKIS, MAPFM,
FHIREA, RPS, RPHM
Executive Director
Sun Hung Kai Real Estate Agency Ltd

Lo King-wai

MBA, MRICS, MCIQB, MHKIS, RPS
Manager

Lau Lai-ching, Elijah

Dip.BS(Mktg), FHIREA, MCIH, MHKIH, FISCAM
Deputy Manager

Leung Ka-po, Filipe

MEng(Hons), MPhil, AdvDip(PropDev),
ACGI, PDQM, PDEC
Assistant Manager

Ng Chun-wai, David

BArch, MHIREA
Assistant Manager

Ho Kar-ye, Janet

BSoc.Sc, MSc
Assistant Manager

Residential (Signature Homes)

Kang Min, Mavis

BSoc.Sc(Hons), DipSurv
Deputy Manager

Kuan Shiau-nie, Belinda

Assistant Manager

Industrial

Yau Man-fat, Kelvin

BSc(Hons), MBA, MHousMan, PgDiplnvMgt,
DipHousMan, FHKIH, MCIH, MHKSI, MIFMA,
MIMgt, RPHM
Manager

(12) China

Kwong Chun

Executive Director

Chan Kui-yuen, Thomas

B Comm
Executive Director

So Chung-keung, Alfred

Executive Director
Sun Hung Kai Real Estate Agency Ltd

Au Ho-cheung, David

BSc(Arch), MArch, HKIA
Registered Architect
Authorized Person
PRC Class I Registered Architect Qualification
Manager

Chau Sai-yim, Stephen

Manager

Tang Wai-chung, Ted

Manager

Leung Yuen-dick

BArch, MA Arb, HKIA
Registered Architect
Authorized Person
PRC Class I Registered Architect Qualification
Manager

Directors and Organization

Huang Shaomei, Echo
Manager

Kwong Man-him, Francis
BSc, MBA, FCPA, FCPA(Aust.), MHKSI
Manager

Ching Wai-chuen, Antonio
BA(AS), BArch, RIBA, HKIA, RAIA
Registered Architect
Authorized Person
Deputy Manager

Tseung Sik-yin, Stephen
HKIA
Registered Architect
Authorized Person
Deputy Manager

Choy Chi-keung, Ian
BA, MHousMan
Deputy Manager

Ong Kim-leang, Jasmine
BSc(Est Mgt)
Deputy Manager

Li lu-tong, Thomas
MA
Deputy Manager

Man Chi-fung, Rick
BA, PDip(Real Estate)
Deputy Manager

Fok Yau-kit
FCEA, DMS, MBIM
Assistant Manager

Leung Chi-keung, Barry
BA(AS), BArch, HKIA
Registered Architect
PRC Class I Registered Architect Qualification
Assistant Manager

Fung Siu-man, Shirley
BA(AS), MArch, HKIA
Registered Architect
Authorized Person
Assistant Manager

Hung Bo-lin, Judy
BA(Hons), MSc, MCIM
Assistant Manager

Kwan Chun-wah
BEng, MBA, MSc, CPA, CFA
Assistant Manager

Kwok Yat-lung, Joseph
BA(AS), BArch, RIBA, HKIA
Registered Architect
Authorized Person
PRC Class I Registered Architect Qualification
Assistant Manager

Lee Wai-kam, Hyman
BA, MCF, FCCA, FCPA, ACA, AHKRF
Assistant Manager

(13) Transport Advisory

Lee Chak-cheong, Roger
BSc, MSc, CEng, MICE, MCIHT, MILT
Manager

Tam Sut-lai, Shirley
BEng, MSc(Transport), MSc(Urban Planning),
MCIHT, MRTPI
Assistant Manager

(14) Hong Yip Service Company Limited/ S.H.K. Real Estate Management Company Limited

Kwong Chun
Executive Director

Kwong Ching-wai, Alkin
BSc(Eng), PgDIT, CEng, MIStructE,
FHKIE, FHKMA, MHIREA, RPE, RSE, JP
Authorized Person
Manager

Mok Chi-hung
FCIH, FHKIH, FHIREA, RPHM
Manager

Kwok Chan-fai
MCIH, MHKIH, RPHM, EHKIM
Deputy Manager

Wong Kei-on
BA, MCIH, MHKIH, RPHM
Deputy Manager

Lee Tze-leung, Adrian
BBA, MBA, FCCA, CPA
Assistant Manager

Leung Nai-yin, Arthur
BBus, FCCA, FCPA, ACIB, AHKIB, CGA, CPA(Aust.)
Assistant Manager

Kwan Yu-kuen, Ricky
Assistant Manager

Cheung Tam Ka-wood, Rebecca
FHKIH, MCIH, RPHM
Assistant Manager

Choi Ming-chi
Assistant Manager

(15) Corporate Planning and Strategic Investment

Chan Kwok-wai, Patrick
MBA, FCPA, FCCA, ACIS, TEP
Executive Director & Chief Financial Officer

Mak Nak-keung
BSoc.Sc, MPhil
Manager (Economic Research)

Ng Shuk-chau, Margaret
MA(Distinction), Hon Dip(Distinction)
Manager (Corporate Communications)

Tse Man-kuen, Winnie
Deputy Manager (Corporate Communications)

Cheong Suk-ying, Linda
BSoc.Sc, MBA, CFA
Deputy Manager (Economic Research)

Chan Man-kit, Thomas
BSoc.Sc
Deputy Manager (Investor Relations)

Luk Ka-fat, Roger
BA, MBA, MAcc, FCPA, CFA
Assistant Manager

Ng Yiu-hong
BSoc.Sc, MPhil, CFA
Assistant Manager

Wan Zee-ngan, Finoa
BSoc.Sc, MA
Assistant Manager

(16) Financial Investment

Hong Pak-cheung, William
BSc
Manager

Poon Chun-wing, Johnny
BSoc.Sc, MBA, FCCA, CFA
Deputy Manager

Chan Wai-tsz, Teresa
BA
Assistant Manager

Sum Hong-ning, Brian
BA, MSc, CFA, ACCA
Assistant Manager

(17) Corporate Finance

Chan Kwok-wai, Patrick
MBA, FCPA, FCCA, ACIS, TEP
Executive Director & Chief Financial Officer

Au Man-to
LLB, FCIS, ACIB
Manager

Kwok Yue-yee, Amy
B Comm
Manager

Ho Ka-wai, Josephine
MBA
Assistant Manager

(18) Property Investment

Lui Ting, Victor
BBA
Executive Director
Sun Hung Kai Real Estate Agency Ltd

Chan Kwok-kin, Slayman
MSc, MRICS, MHKIS, RPS, RPHM
Deputy Manager

Li Ting, Tim
MSc(RealEstDev), MSc(FA), MRICS, MHKIS
Assistant Manager

Directors and Organization

(19) Accounts

Chan Kwok-wai, Patrick

MBA, FCPA, FCCA, ACIS, TEP

Executive Director & Chief Financial Officer

Pun Chun-sun, Bernard

MSc, FCA, FCPA

Chief Accountant

Wu Tze-cheung, Philip

BA(Hons), FCPA, MIHRM(HK)

Manager

Leung Yu-kai, David

ACA, FCCA, FCPA

Manager

Li Ching-kam, Frederick

FCCA, CPA

Deputy Chief Accountant

Lee Hung-chak, Maurice

BBA, LLB, FCCA, CPA, CTA

Deputy Manager

Fok Yat-cheong, Edward

MSc(Eng), AHKIB, MHKCS

Deputy Manager (Information Technology)

Kwok Tai-wai, David

Deputy Manager (Information Technology)

So Wai-kei, Godwin

BA(Hons), ACCA, CPA, ACIS, ACIB

Deputy Manager

Chow Cheuk-wing, Eric

MPA, FCPA

Senior Accountant

Leung Cheuk-ming, Eric

MSc, CISSP, MHKCS

Assistant Manager (Information Technology)

Ko Ping-yin, Albert

Chief Cashier

Wong Mei-ki, Maggie

MA, CPA, ACIS

Assistant Manager

Chan Chi-wai, Richie

MBA, CPA

Assistant Manager

Pang Chung-leung

CPA

Assistant Manager

(20) SmarTone/SUNeVision

SmarTone Telecommunications Holdings Limited

Li, Douglas

Chief Executive Officer

SUNeVision Holdings Ltd.

Tsim Wing-kit, Alfred

Chief Executive Officer

(21) Legal/Company Secretarial

Yung Sheung-tat, Sandy

BA(Law)Hons

Executive Director

Sun Hung Kai Real Estate Agency Ltd

Wong Siu-mun, Katherine

ACIS, ACS

Deputy Company Secretary

Tse Kar-lun, Frankie

LLB(Hons)

Deputy Manager

Chong Tin-cho

BSoc.Sc, LLB(Hons), LLM, LLD

Deputy Manager

Yeung Ming-yip, Jason

LLB(Hons)

Deputy Manager

Law Kai-chung, Edmund

LLB(Hons)

Deputy Manager

Lai Man-shek

BA(Law)Hons

Assistant Manager

Chan Miu-yin, Alice

LLB(Hons)

Assistant Manager

Chan Kin-chu, Harry

LLM

Assistant Manager

Tso Hon-yuk, Monica

LLB, LLM, MBA

Assistant Manager

Ho Pui-yi, Diana

LLB, MBEC

Assistant Manager

(22) Wilson Group/Logistics/YATA

Wilson Group

Koch, Gary Alfred

Vice Chairman and Executive Director

Siu Hon-wah, Thomas

Managing Director

Cheng Siu-hung, Paul

Chief Executive Officer

Autotoll Limited

Fong Ping, Vincent

Director of Tollways

Lui Sung-ye, Alan

Director of Corporate Affairs

So Wing Shing, Vincent

Director of Parking

Wong Yuk-lan, Nancy

Director of Finance & Administration

Wu Tung-chai, Peter

Director of Equipment & Services

Logistics Services

Chung Wai-yin, Jessie

BA, MBA

Director and General Manager

River Trade Terminal Company Limited

Leung Lai-chi, Michelle

MMgt, MSoc.Sc

Director and Chief Operating Officer

Airport Freight Forwarding Centre Company Limited

Pang Tai-hing, Peter

Operations Director

Airport Freight Forwarding Centre Company Limited

Chan Kei-yan, Paul

BA, MBA

Director and General Manager

Hoi Kong Container Services Company Limited

Lam Wai-kui, Raymond

BBA(Hons)

General Manager,

Terminal Operations & Engineering

River Trade Terminal Company Limited

Yu Wai-ye, Fione

BA(Hons), FCCA

Financial Controller

Airport Freight Forwarding Centre Company Limited

So Susan

General Manager

Park Island Transport Company Limited

The YATA Department Store

Chong Wai-chung, Daniel

Managing Director

Hui Hing-sang, Sam

Dip.BS

General Manager (Store Management)

Au Sin-lun, Catherine

BA

General Manager (Concession Management)

Cheung Kai-leung, Raymond

B Comm, MBA, CPA, CPA(Aust.)

General Manager (Finance & Administration)

Directors and Organization

(23) Hung Kai Finance/ SHKP Insurance

Hung Kai Finance Company Limited

Yung Wing-chung

Consultant

Au Mo-cheung, Alex

EMBA(Distinction), PDipCD, DBA,
MHKSI, FHKIoD
Manager

Leung Ho-man, Wilson

BSocWork, MBA, CFA
Deputy Manager

Ng Yu-po, Frederick

B Comm, MBA
Assistant Manager

**Sun Hung Kai Properties Insurance
Limited**

Chow Ka-yin

Consultant

Wong Kwai-chuen, Andrew

BBA, MBA, ACII
Chartered Insurer
Manager

Yim Ka-yan, Amy

MBA, ANZIIF(Snr Assoc)
Deputy Manager

Pun Wing-sze, Doris

MPA, CPA, CPA(Aust.)
Assistant Manager

(24) Kai Shing Management Services Ltd

Wong Chin-wah, Jimmy

BSc(Est Mgt), Cert Ed, MSISV, MHKIS, MAPFM,
FHIREA, RPS, RPHM
Executive Director
Sun Hung Kai Real Estate Agency Ltd

Chan Kam-fai

MCIH
Manager

Lam Man-pak, Patrick

BA(Hons), MCIH, RPHM
Manager

Lee Cheung-yiu, Gordon

BSc(Hons), MSc(Facility Mgt),
MSc(Building Services Eng), MSc(Fire & Safety Eng),
MRICS, MCIOB, MHKIS, MSOE, MIPlantE,
MASHRAE, RPS(BS)
Deputy Manager

Hon Shuk-ching, Irene

Deputy Manager

Tsui Elaine

BBA
Deputy Manager

Sham Sik-shing, Simon

BTech(Hons), MCIH
Assistant Manager

Chan Shing-wai

Dip.BA, MCIH, RPHM
Assistant Manager

Shiu Wai-ching, Teresa

BA(Hons), MHKIH, RPHM, FISCAM
Assistant Manager

Chan Chun-wah, Owen

BSoc.Sc, MBA, MCIH, MHKIH
Assistant Manager

Chan Hon-ching

BHousMan(Hons), MCIH, RPHM
Assistant Manager

(25) Public Affairs/ Community Relations

Public Affairs

Lee Luen-fai

BA, Cert Ed
Manager

Community Relations

Lee Kam-chung

Manager

Law Wan-fat, Joe

Assistant Manager

(26) Internal Audit

Chiu Yue-ming, Daniel

MAcc, FCCA, FCPA, FCIS, ACMA, FCPA(Aust.)
Manager

Wong Chung-wai, Barry

BA(Hons), MBA, FCCA, CPA
Deputy Manager

Hui Sui-tak, Andrew

MBA, FCCA, CPA
Deputy Manager

Cheng Wai-ming, Vincent

BA(Hons), MSc, MPA, FCCA, FCPA, CIA, CISA
Assistant Manager

Yip Wai-leung, Keith

BBA(Hons), MPA, CPA, LLM
Assistant Manager

(27) Internal Affairs

Tang Chak-hin

BBA, MBA
Manager

Chan Choi-yin, Clara

MIHRM(HK)
Deputy Manager
(Human Resources Management)

Ho Kui-yuen, Kenneth

BSoc.Sc, MBA, DTM
Deputy Manager (Training & Development)

Chow Chiu-mei, Grace

BBA, MA, MIHRM(HK)
Deputy Manager (Human Resources)

Wong Ho-keung, Jimmy

Assistant Manager (Office Management)

Ku Tak-hing, Danny

BBA, MBA
Assistant Manager (Office Management)

Financial Contents

88	Independent Auditor's Report
89	Consolidated Income Statement
90	Consolidated Statement of Comprehensive Income
91	Consolidated Statement of Financial Position
92	Parent Company Statement of Financial Position
93	Consolidated Statement of Cash Flows
94	Consolidated Statement of Changes in Equity
95	Notes to the Financial Statements
138	Principal Subsidiaries
143	Principal Jointly Controlled Entities
145	Principal Associates

Independent Auditor's Report



TO THE MEMBERS OF SUN HUNG KAI PROPERTIES LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Sun Hung Kai Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 89 to 145, which comprise the consolidated and Company's statements of financial position as at 30 June 2010, and the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

20 September 2010

Consolidated Income Statement

For the year ended 30 June 2010

(Expressed in millions of Hong Kong dollars)

	Notes	2010	2009
Revenue	2(a)	33,211	34,234
Cost of sales		(17,142)	(17,689)
Gross profit		16,069	16,545
Other income		663	316
Selling and marketing expenses		(1,408)	(1,474)
Administrative expenses		(1,482)	(1,404)
Operating profit before change in fair value of investment properties	2(a)	13,842	13,983
Increase/(decrease) in fair value of investment properties		16,469	(2,654)
Operating profit after change in fair value of investment properties		30,311	11,329
Finance costs		(670)	(602)
Finance income		31	94
Net finance costs	3	(639)	(508)
Share of results (including share of increase in fair value of investment properties net of deferred tax of HK\$2,489 million (2009: HK\$187 million)) of:			
Associates		228	215
Jointly controlled entities		4,637	1,412
	2(a) & 9(b)	4,865	1,627
Profit before taxation	4	34,537	12,448
Taxation	7	(5,896)	(1,885)
Profit for the year	2(a)	28,641	10,563
Attributable to:			
Company's shareholders		28,043	10,356
Non-controlling interests		598	207
		28,641	10,563
Dividends	8		
Interim dividend paid		2,180	2,051
Final dividend proposed		4,755	4,359
		6,935	6,410
(Expressed in Hong Kong Dollars)			
Earnings per share based on profit attributable to the Company's shareholders (reported earnings per share)	9(a)		
Basic		\$10.93	\$4.04
Earnings per share excluding the effects of changes in fair value of investment properties net of deferred tax (underlying earnings per share)	9(b)		
Basic		\$5.41	\$4.84

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2010

(Expressed in millions of Hong Kong dollars)

	2010	2009
Profit for the year	28,641	10,563
Exchange difference on translating financial statements of foreign operations	337	(76)
Cash flow hedge:		
— fair value losses	(3)	—
— fair value losses transferred to income statement	1	—
	(2)	—
Available-for-sale investments:		
— fair value gains/(losses)	250	(974)
— fair value gains transferred to income statement on disposal	(30)	(77)
— impairment loss transferred to income statement	—	232
	220	(819)
Share of other comprehensive income/(expense) of associates and jointly controlled entities	102	(47)
Other comprehensive income/(expense) for the year	657	(942)
Total comprehensive income for the year	29,298	9,621
Total comprehensive income attributable to:		
Company's shareholders	28,698	9,428
Non-controlling interests	600	193
	29,298	9,621

Consolidated Statement of Financial Position

As at 30 June 2010

(Expressed in millions of Hong Kong dollars)

	Notes	2010	2009
Non-current assets			
Investment properties	10	184,001	158,593
Fixed assets	11	16,825	21,612
Associates	13	3,100	3,050
Jointly controlled entities	14	29,381	25,792
Loan receivables	15	346	465
Other financial assets	16	3,554	2,953
Intangible assets	17	4,357	4,647
		241,564	217,112
Current assets			
Properties for sale	18	84,923	68,347
Debtors, prepayments and others	19	16,060	15,611
Other financial assets	21	850	602
Bank balances and deposits	22	8,204	8,143
		110,037	92,703
Current liabilities			
Bank and other borrowings	23	(11,262)	(2,644)
Trade and other payables	24	(17,667)	(14,600)
Deposits received on sales of properties		(10,672)	(2,854)
Taxation		(5,266)	(3,990)
		(44,867)	(24,088)
Net current assets			
		65,170	68,615
Total assets less current liabilities			
		306,734	285,727
Non-current liabilities			
Bank and other borrowings	25	(34,126)	(39,381)
Deferred taxation	26	(22,005)	(18,719)
Other long-term liabilities	27	(739)	(707)
		(56,870)	(58,807)
NET ASSETS			
		249,864	226,920
CAPITAL AND RESERVES			
Share capital	28	1,285	1,282
Share premium and reserves		243,793	220,986
Shareholders' funds			
		245,078	222,268
Non-controlling interests			
		4,786	4,652
TOTAL EQUITY			
		249,864	226,920

Directors:

Kwok Ping-kwong, Thomas

Kwok Ping-luen, Raymond

Parent Company Statement of Financial Position

As at 30 June 2010

(Expressed in millions of Hong Kong dollars)

	Notes	2010	2009
Non-current assets			
Subsidiaries	12	30,074	30,074
Current assets			
Debtors, prepayments and others	19	7	7
Amount due from a subsidiary	20	79,247	78,231
		79,254	78,238
Current liabilities			
Bank and other borrowings	23	(3)	(23)
Trade and other payables	24	(20)	(20)
		(23)	(43)
Net current assets		79,231	78,195
NET ASSETS		109,305	108,269
CAPITAL AND RESERVES			
Share capital	28	1,285	1,282
Share premium and reserves	30	108,020	106,987
SHAREHOLDERS' FUNDS		109,305	108,269

Consolidated Statement of Cash Flows

For the year ended 30 June 2010

(Expressed in millions of Hong Kong dollars)

	Notes	2010	2009
Operating activities			
Cash generated from operations	31a	9,340	11,432
Hong Kong profits tax paid		(1,306)	(2,164)
Outside Hong Kong tax paid		(80)	(87)
Net cash from operating activities		7,954	9,181
Investing activities			
Purchase of subsidiaries	31b	—	(273)
Purchase of an associate		(5)	(3)
Purchase of other financial assets		(1,071)	(568)
Net (advances to)/repayment from associates and jointly controlled entities		(668)	3,127
Additions to fixed assets		(2,778)	(6,248)
Additions to investment properties		(5,940)	(1,550)
Payment of telecommunications licence fees		(101)	(76)
Proceeds from disposal of investment properties		3,100	59
Proceeds from disposal of jointly controlled entities		—	8
Proceeds from disposal of other financial assets		464	1,387
Proceeds from disposal of fixed assets		5	7
Interest received from investments		116	54
Dividends received from listed investments		94	212
Dividends received from unlisted investments		4	3
Dividends received from associates and jointly controlled entities		2,159	1,491
Loans and advances repaid		343	481
Net cash used in investing activities		(4,278)	(1,889)
Financing activities			
Bank and other borrowings raised		9,179	11,744
Repayment of bank and other borrowings		(6,010)	(10,239)
Decrease/(increase) in pledged bank deposits		49	(57)
Interest paid		(811)	(1,017)
Interest received		31	94
Purchase of additional interests in subsidiaries		(75)	(88)
Payment for repurchase of shares by a subsidiary		(77)	(196)
Increase in fundings from non-controlling interests		83	343
Dividends paid to shareholders		(5,867)	(6,410)
Dividends paid to non-controlling interests		(76)	(155)
Net cash used in financing activities		(3,574)	(5,981)
Increase in cash and cash equivalents		102	1,311
Cash and cash equivalents at beginning of year		7,649	6,384
Effect of foreign exchange rates changes		21	(46)
Cash and cash equivalents at end of year	31c	7,772	7,649

Consolidated Statement of Changes in Equity

For the year ended 30 June 2010

(Expressed in millions of Hong Kong dollars)

	Attributable to Company's shareholders							Non-controlling interests	Total
	Share Capital	Share Premium	Capital reserves	Investment revaluation reserve	Exchange reserve	Retained profits	Total		
At 1 July 2008	1,282	35,782	757	1,360	3,335	176,734	219,250	4,807	224,057
Profit for the year	—	—	—	—	—	10,356	10,356	207	10,563
Other comprehensive expense for the year	—	—	—	(815)	(113)	—	(928)	(14)	(942)
Total comprehensive income for the year	—	—	—	(815)	(113)	10,356	9,428	193	9,621
Transfer to capital reserves arising from repurchase of its shares by a subsidiary	—	—	4	—	—	(4)	—	—	—
Interim dividend paid	—	—	—	—	—	(2,051)	(2,051)	—	(2,051)
Final dividend paid	—	—	—	—	—	(4,359)	(4,359)	—	(4,359)
Adjustments arising upon acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	(250)	(250)
Release upon disposal of a subsidiary	—	—	—	—	—	—	—	2	2
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	55	55
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(155)	(155)
At 30 June 2009 and 1 July 2009	1,282	35,782	761	545	3,222	180,676	222,268	4,652	226,920
Profit for the year	—	—	—	—	—	28,043	28,043	598	28,641
Other comprehensive income/ (expense) for the year	—	—	(2)	220	437	—	655	2	657
Total comprehensive income for the year	—	—	(2)	220	437	28,043	28,698	600	29,298
Issue of shares, net of expenses	3	669	—	—	—	—	672	—	672
Transfer to capital reserves arising from repurchase of its shares by a subsidiary	—	—	1	—	—	(1)	—	—	—
Interim dividend paid	—	—	—	—	—	(2,180)	(2,180)	—	(2,180)
Final dividend paid	—	—	—	—	—	(4,359)	(4,359)	—	(4,359)
Adjustments arising upon acquisition of additional interests in subsidiaries	—	—	(21)	—	—	—	(21)	(124)	(145)
Repayment of capital contribution to non-controlling interests	—	—	—	—	—	—	—	(266)	(266)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(76)	(76)
At 30 June 2010	1,285	36,451	739	765	3,659	202,179	245,078	4,786	249,864

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

1. PRINCIPAL ACCOUNTING POLICIES

a. Basis of preparation

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards and Interpretations (collectively, "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The financial statements are prepared under the historical cost convention except for investment properties and certain financial instruments, which are measured at fair value, as explained in the principal accounting policies set out below.

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations of Hong Kong Financial Reporting Standards (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 July 2009.

HKFRSs (Amendments)	Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ¹
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 32 and 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 and HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 3 (Revised)	Business combinations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC)-INT 15	Agreements for the construction of real estate
HK(IFRIC)-INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC)-INT 17	Distribution of non-cash assets to owners
HK(IFRIC)-INT 18	Transfers of assets from customers

¹ Amendments that are effective for annual periods beginning on or after 1 January 2009 or 1 July 2009, as appropriate

HKAS 1 (Revised) has introduced a number of terminology changes, including revised titles for the consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. Under the revised standard, the Balance Sheet is renamed as the "Statement of Financial Position" and the Cash Flow Statement is renamed as the "Statement of Cash Flows". All income and expenses arising from transactions with non-owners are presented in two statements named the "Income Statement" and "Statement of Comprehensive Income", and the total carried to the "Statement of Changes in Equity", while the owners changes in equity are presented in the "Statement of Changes in Equity".

HKFRS3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. HKAS 27 (Revised) requires that a change in ownership interest of a subsidiary without loss of control is accounted for as an equity transaction.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment reporting", required the identification of two sets of segments (business and geographical) using risks and return approach. The adoption of HKFRS 8 has resulted in a redesignation of the Group's reportable segments (see note 2).

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)

a. Basis of preparation (cont'd)

Improvements to HKFRSs 2008 include an amendment to HKAS 40 under which an investment property which is under construction is to be classified as investment property and carried at fair value where this can be reliably measured. Prior to this amendment, the Group had treated such property as an investment property only to the extent of its land portion which is carried at fair value with any gain or loss being recognized in profit or loss whereas its construction cost portion is carried at cost under the fixed assets until the construction had been completed, at which time the construction cost would be stated together with the land portion at fair value. As a result of this amendment, the construction costs of investment properties under construction have been reclassified and accounted for as investment properties with effective from 1 July 2009. This amendment is applied prospectively and the corresponding amounts of prior periods have not been restated.

The adoption of the above new HKFRSs has no significant impact on the Group's results and financial position.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKFRSs (Amendments)	Improvements to HKFRSs 2010 ³
HKAS 24 (Revised)	Related Party disclosures ⁴
HKAS 32 (Amendment)	Classification of right issues ⁵
HKFRS 1 (Amendment)	Additional exemptions for first-time adoptors ⁶
HKFRS 1 (Amendment)	Limited exemptions from comparative HKFRS 7 disclosures for first-time adoptors ⁸
HKFRS 2 (Amendment)	Group cash-settled share based payment transactions ⁶
HKFRS 9	Financial instruments ⁷
HK(IFRIC)–INT 14 (Amendment)	Prepayment of a minimum funding requirement ⁴
HK(IFRIC)–INT 19	Extinguishing financial liabilities with equity instruments ⁸

² Amendments that are effective for annual periods beginning on or after 1 January 2010

³ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

⁴ Effective for annual periods beginning on or after 1 January 2011

⁵ Effective for annual periods beginning on or after 1 February 2010

⁶ Effective for annual periods beginning on or after 1 January 2010

⁷ Effective for annual periods beginning on or after 1 January 2013

⁸ Effective for annual periods beginning on or after 1 July 2010

It is not anticipated that these new and revised standards, amendments and interpretations will have a significant impact on the results and financial position of the Group.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)

b. Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and all its subsidiaries made up to 30 June each year and include the Group's interests in associates and jointly controlled entities on the basis set out in note 1(f) and note 1(g) below, respectively. The financial statements of the associates and jointly controlled entities used for this purpose are either coterminous with the financial statements of the Company or cover a year ended not more than three months before the Company's year-end. The results of subsidiaries, associates and jointly controlled entities acquired or disposed of during the year are included in the consolidated income statement from the effective dates of acquisition and to the effective dates of disposal. All material intra-group transactions and balances are eliminated on consolidation. Unrealized profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the associate or jointly controlled entity.

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and their fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Non-controlling interests in the net assets or liabilities consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination.

c. Revenue

Revenue derived from the Group's principal activities comprises proceeds from sale of properties (excluding proceeds on development properties sold prior to their completion which are included in deposits received on sale of properties under current liabilities), gross rental income from properties letting under operating leases, revenue from hotel operation and revenue derived from other business activities including property management, car parking and transport infrastructure management, toll road management, logistics business, construction, financial services, telecommunications, internet infrastructure, enabling services, department store, container and cargo handling services. It does not include the revenue of associates and jointly controlled entities.

d. Revenue recognition

Revenue of a transaction is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and these benefits can be measured reliably, on the following bases:

(i) Property sales

Profit from sale of properties is recognized when the significant risks and rewards of ownership of the properties are transferred to the buyers. Deposits and instalments received from purchasers prior to this stage are included in current liabilities.

(ii) Rental income

Rental income from properties letting under operating leases is recognized on a straight line basis over the lease terms.

(iii) Hotel operation

Revenue from hotel operation is recognized upon provision of services.

(iv) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)

d. Revenue recognition (cont'd)

(v) Construction

Revenue in respect of building construction job is recognized based on the stage of completion method measured by reference to the proportion that costs incurred to date bear to estimated total costs for the contract.

(vi) Dividend income

Dividend income from investments is recognized when the right to receive payment is established.

(vii) Use of internet services centre facilities

Revenue from customer use of internet services centre facilities is recognized ratably over the term of the agreement.

(viii) Telecommunications

Revenue from telecommunication is recognized when the service is rendered.

(ix) Toll income

Toll income is recognized upon the passage of vehicles through tunnel.

(x) Department store

Revenue from sale of own-bought goods and commission income from concession and consignment sales is recognized upon the transfer of risks and rewards of ownership of the goods.

(xi) Provision of container and cargo handling service

Revenue from the provision of container and cargo handling service is recognized when the service is rendered.

(xii) Others

Other revenue including property management service fee, car parking management fee and insurance income are recognized when the services are rendered.

e. Subsidiaries

A subsidiary is a company in which the Company directly or indirectly controls more than half of the voting power, or controls the composition of the board of directors. Investments in subsidiaries are carried in the Company's financial statements at cost less impairment loss.

f. Associates

Associates are those in which the Group is in a position to exercise significant influence, but not control or joint control, over the management, including participation in the financial and operating policy decisions.

Results of associates are incorporated in the consolidated income statement to the extent of the Group's share of post-acquisition profits less losses.

Interests in associates are accounted for in the consolidated statement of financial position under the equity method and are carried at cost as adjusted for post acquisition changes in the Group's share of their results and reserves less any identified impairment loss.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)

g. Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control.

(i) Jointly controlled entities

Jointly controlled entities involve the establishment of a separate entity in which the Group has a long-term interest and over which the Group is in a position to exercise joint control with other venturers in accordance with contractual arrangements.

Results of jointly controlled entities are incorporated in the consolidated income statement to the extent of the Group's share of post-acquisition profits less losses whereas accounted for in the Company's income statement only to the extent of dividend income.

Interests in jointly controlled entities are accounted for in the consolidated statement of financial position under the equity method and are carried at cost as adjusted for post-acquisition changes in the Group's share of their results and reserves less any identified impairment loss whereas in the Company's statement of financial position at cost less impairment loss.

(ii) Jointly controlled assets

Jointly controlled assets are assets of a joint venture over which the Group has joint control with other venturers in accordance with contractual arrangements and through the joint control of which the Group has control over its share of future economic benefits earned from the assets.

The Group recognized in the financial statements its share of jointly controlled assets and any liabilities incurred jointly with other venturers according to their nature. Liabilities and expenses incurred directly in respect of its interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of the jointly controlled assets, together with its share of any expenses incurred by the joint ventures, are recognized in the income statement when it is probable that the economic benefits associated with the transactions will flow to or from the Group.

h. Intangible assets

(i) Telecommunication licences

A mobile carrier licence, which is a right to establish and maintain a telecommunication network and to provide mobile services in Hong Kong, is recorded as an intangible asset. Upon the issue of the third generation licence ("3G Licence"), renewal of the Global System for Mobile communications licence ("GSM Licence") and Personal Communications Services Licence (the "PCS Licence") the cost thereof, which is the discounted value of the minimum annual fees payable over the licence period of 15 years and directly attributable costs of preparing the asset for its intended use, is recorded together with the related obligations. Amortization is provided on the straight line basis over the remaining licence period from the date when the asset is ready for its intended use.

The difference between the discounted value and the total of the minimum annual fee payments represents the effective cost of financing and, accordingly, for the period prior to the asset being ready for its intended use, is capitalized as part of the intangible asset. Subsequent to the date when the asset is ready for its intended use, such finance costs will be charged to the consolidated income statement in the year in which they are incurred.

Variable annual payments on top of the minimum annual payments, if any, are recognized in the consolidated income statement as incurred.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)

h. Intangible assets (cont'd)

(ii) Goodwill

Goodwill represents the excess of the cost of acquisition over the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries, associates and jointly controlled entities at the date of acquisition.

Goodwill is tested annually for impairment loss and carried at cost less accumulated impairment losses. Impaired losses recognized on Goodwill are not reversed. Goodwill on acquisition of associates and jointly controlled entities is included in investments in associates and jointly controlled entities respectively.

Any excess of the Group's interest in fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognized immediately in the income statement.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(iii) Concession Assets

The Group has entered into a service concession arrangement with the HKSAR Government to participate in the development, financing, operation and maintenance of toll road infrastructures. Under the arrangement, the Group carries out the construction of toll road for the granting authority and receives in exchange a right to operate the toll road and the entitlement to toll fees collected from users of the toll road. The assets including the cost of tunnel, approach road and buildings, electrical and mechanical systems under the service concession arrangement are recorded as intangible assets. Once the underlying infrastructure of the concession arrangement is completed, the concession assets are amortized over the term of the concession on a straight line basis.

i. Financial assets, financial liability and equity

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale investments. The classification depends on the purpose for which the financial assets were acquired and is reviewed by the management at every reporting date.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability on initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise marketable securities held for trading. At each year end date subsequent to initial recognition, these investments are measured at fair value. Changes in fair value are recognized in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are carried at amortized cost using the effective interest method less impairment loss.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any identified impairment loss. Any impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)

i. *Financial assets, financial liability and equity (cont'd)*

(iv) Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated or not classified as any of the other categories. At each year end date subsequent to initial recognition, available-for-sale investments are measured at fair value by reference to market prices. Changes in fair value are recognized in other comprehensive income, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gains or losses previously recognized in equity are removed from equity and recognized in profit or loss. Any impairment loss on available-for-sale investments is immediately recognized in profit or loss. Impairment loss recognized on available-for-sale investments will not reverse through income statement in subsequent periods.

For available-for-sale investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment loss at each year end date subsequent to initial recognition. Any impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired. Such impairment loss will not reverse in subsequent periods.

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability and an equity instrument. Financial liabilities are measured at amortized cost, using the effective interest method. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

j. *Derivative financial instruments and hedging*

The Group only enters into derivative financial instruments in order to hedge its underlying exposures. Derivative financial instruments are initially recognized at fair value on the date derivative contracts are entered into and are subsequently remeasured at their fair value.

The method of recognizing the resulting gain or loss depends on the nature of the item being hedged. The Group designates certain derivatives as hedging instruments in hedges of the fair value of a recognized asset or liability.

For fair value hedges that qualify for hedge accounting, gains or losses arising on changes in fair values of hedging instruments are recognized immediately in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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

The fair values of interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The fair values of currency swaps are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)

k. Properties

(i) Investment properties

Investment properties are properties held for long term rental income or capital appreciation or both. These include completed properties, those under construction and properties that are being redeveloped for continuing use as investment properties.

Investment properties are carried at fair value based on valuation performed by an independent professional valuer on a market value basis related to individual properties, and separate values are not attributed to land and buildings. Changes in fair values are recognized in income statement in the period in which they arise. For the completed investment properties, valuation is arrived at on the basis of capitalization of net income with due allowance for the reversionary income potential and by making reference to comparable market sale and purchase transactions for similar properties. For the investment properties under development, valuation is arrived at by making reference to comparable market sale and purchase transactions and valuing the properties as if they were completed, taking into account construction costs already incurred and future construction costs required for completion of the development.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected to arise from its disposal. Any gain or loss on derecognition, calculated as the difference between the net disposal proceeds and the carrying amount of the property, is included in income statement in the period in which the asset is derecognized.

(ii) Hotel properties

Hotel properties and their integral fixed plant used in the operation of hotel are included in fixed assets at cost less accumulated depreciation and accumulated impairment losses, if any. Any gain or loss on disposal of a hotel property is recognized in the income statement.

(iii) Properties pending/under development for sale

Properties pending/under development for sale are included in stocks at the lower of cost and net realizable value. Net realizable value takes into account the price ultimately expected to be realized and the anticipated costs to completion.

(iv) Stocks of completed properties

Completed properties remaining unsold at year end are stated at the lower of cost and net realizable value.

Cost is determined by apportionment of the total land and development costs attributable to the unsold properties.

Net realizable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses after the year end date, or by management estimates based on prevailing market conditions.

(v) Other properties

Other properties are properties held for production or administrative purposes and are included in fixed assets at cost less accumulated depreciation and accumulated impairment losses, if any. Any gain or loss on disposal of other properties is recognized in the income statement.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)

l. Depreciation

(i) Hotel properties

Depreciation is provided on hotel property and on its integral fixed plant and calculated on a straight line basis to write off their costs less accumulated impairment losses over the shorter of the term of the lease and estimated useful lives at rates ranging from 0.68% to 20% per annum.

(ii) Properties under development

No depreciation is provided on properties under development.

(iii) Network equipment

Network equipment including assets and equipment of the digital mobile radio telephone and local multipoint distribution services networks are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight line basis to write off their costs over their estimated useful lives at rates ranging from 10% to 50% per annum. No depreciation is provided on network equipment under construction.

(iv) Other properties

The cost of leasehold land and construction cost of buildings thereon are depreciated on a straight line basis over the shorter of the term of the lease and their estimated useful lives.

(v) Other fixed assets

Other fixed assets including equipment, furniture, fixtures, vessels and vehicles are stated at cost less accumulated depreciation calculated on a straight line method to write off the assets over their estimated useful lives at rates ranging from 4% to 33.3% per annum.

m. Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred, and are subsequently measured either at amortized cost, using the effective interest method or at fair value when accounting for fair value hedges set out in note 1(j) applies.

Borrowing costs are expensed as incurred, except to the extent that they are capitalized as being directly attributable to the construction or production of assets which necessarily take a substantial period of time to get ready for their intended use or sale. Capitalization of such borrowing costs begins when construction or production activities commence and ceases when the assets are substantially ready for their intended use or sale.

n. Materials

Materials comprising mainly building materials, hotel stocks, handsets and consumable goods are valued at the lower of cost, calculated on a weighted average cost basis, and net realizable value.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)

o. Translation of foreign currencies

Foreign currency transactions during the year are converted into Hong Kong dollars at the market rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at closing rates of exchange ruling at the year end date. Exchange differences arising in these cases are dealt with in the income statement.

The assets and liabilities of overseas subsidiaries, associates and jointly controlled entities expressed in functional currencies are translated into Hong Kong dollars at the closing rates of exchange ruling at the year end date whereas the income statement are translated at average exchange rates for the year. Exchange differences arising on translation are recognized in other comprehensive income.

p. Deferred taxation

Deferred tax liabilities are provided in full, using the liability method, on all temporary differences between the carrying amount of assets and liabilities in the financial statements and their tax bases used in the computation of taxable profits, while deferred tax assets are recognized to the extent that it is probable that the future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

q. Provision

Provisions are recognized when it is probable that an outflow of economic benefits will be required to settle a present obligation and the amount of obligation can be reliably estimated.

r. Segment reporting

Operating segments are presented in a manner consistent with the Group's internal financial reporting. This is the measure reported to the Group's management for the purpose of resources allocation and assessment of segment performance.

s. Retirement benefits

The retirement benefit costs charged to the income statement represent the contributions payable in respect of the current year to the Group's defined contribution schemes and Mandatory Provident Fund Schemes.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

2 SEGMENT INFORMATION

Segment profit represents the profit earned by each segment without allocation of investment income, central administration costs, other income, net finance costs and change in fair value of investment properties. This is the measure reported to the Group's management for the purpose of resource allocation and assessment of segment performance.

(a) Segment revenue and results

An analysis of the revenue and results for the year of the Group and its share of associates and jointly controlled entities by operating segments is as follows:

For the year ended 30 June 2010

	The Company and its subsidiaries		Associates and jointly controlled entities		Combined Revenue	Consolidated Results
	Revenue	Results	Share of Revenue	Share of Results		
Property sales						
Hong Kong	12,481	5,447	911	491	13,392	5,938
Mainland China	110	38	1,525	640	1,635	678
	12,591	5,485	2,436	1,131	15,027	6,616
Property rental						
Hong Kong	8,057	6,061	1,809	1,471	9,866	7,532
Mainland China	726	498	—	—	726	498
Singapore	—	—	490	284	490	284
	8,783	6,559	2,299	1,755	11,082	8,314
Hotel operation	1,409	238	496	135	1,905	373
Telecommunications	3,957	327	—	—	3,957	327
Other businesses	6,471	1,475	2,843	183	9,314	1,658
	33,211	14,084	8,074	3,204	41,285	17,288
Other income		663		—		663
Unallocated administrative expenses		(905)		—		(905)
Operating profit before change in fair value of investment properties		13,842		3,204		17,046
Increase in fair value of investment properties		16,469		3,360		19,829
Operating profit after change in fair value of investment properties		30,311		6,564		36,875
Net finance costs		(639)		(221)		(860)
Profit before taxation		29,672		6,343		36,015
Taxation						
— Group		(5,896)		—		(5,896)
— Associates		—		(33)		(33)
— Jointly controlled entities		—		(1,445)		(1,445)
Profit for the year		23,776		4,865		28,641

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

2 SEGMENT INFORMATION (cont'd)

(a) Segment revenue and results (cont'd)

For the year ended 30 June 2009

	The Company and its subsidiaries		Associates and jointly controlled entities		Combined Revenue	Consolidated Results
	Revenue	Results	Share of Revenue	Share of Results		
Property sales						
Hong Kong	15,171	6,660	1,279	323	16,450	6,983
Mainland China	366	111	177	19	543	130
	15,537	6,771	1,456	342	16,993	7,113
Property rental						
Hong Kong	7,509	5,597	1,630	1,252	9,139	6,849
Mainland China	624	422	—	—	624	422
	8,133	6,019	1,630	1,252	9,763	7,271
Hotel operation	1,162	179	465	116	1,627	295
Telecommunications	3,703	115	—	—	3,703	115
Other businesses	5,699	1,403	2,784	240	8,483	1,643
	34,234	14,487	6,335	1,950	40,569	16,437
Other income		316		—		316
Unallocated administrative expenses		(820)		—		(820)
Operating profit before change in fair value of investment properties		13,983		1,950		15,933
(Decrease)/increase in fair value of investment properties		(2,654)		326		(2,328)
Operating profit after change in fair value of investment properties		11,329		2,276		13,605
Net finance costs		(508)		(217)		(725)
Profit before taxation		10,821		2,059		12,880
Taxation						
— Group		(1,885)		—		(1,885)
— Associates		—		(21)		(21)
— Jointly controlled entities		—		(411)		(411)
Profit for the year		8,936		1,627		10,563

Other businesses comprise revenue and profit derived from other activities including property management, car parking and transport infrastructure management, toll road management, logistics business, construction, mortgage and other loan financing, internet infrastructure, enabling services, department store and container and cargo handling services.

Other income includes mainly investment income from equity and bonds investments.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

2 SEGMENT INFORMATION (cont'd)

(b) Segment assets and liabilities

The Group's assets and liabilities by operating segments are analysed as follows:

	The Company and its subsidiaries	Associates and jointly controlled entities	Total Assets	Total Liabilities
At 30 June 2010				
Property development				
Hong Kong	76,911	3,100	80,011	(13,297)
Mainland China	18,680	2,804	21,484	(5,397)
Singapore	—	388	388	—
	95,591	6,292	101,883	(18,694)
Property investment				
Hong Kong	152,725	17,480	170,205	(2,140)
Mainland China	33,564	1,588	35,152	(1,335)
Singapore	—	3,305	3,305	—
	186,289	22,373	208,662	(3,475)
Hotel operation	10,119	1,249	11,368	(144)
Telecommunications	3,367	—	3,367	(1,996)
Other businesses	8,231	2,567	10,798	(2,971)
	303,597	32,481	336,078	(27,280)
Bank balances and deposits			8,204	—
Other financial assets			4,404	—
Bank and other borrowings			—	(45,388)
Unallocated corporate assets/(liabilities)			2,915	(1,798)
Taxation			—	(5,266)
Deferred taxation			—	(22,005)
Total assets/(liabilities)			351,601	(101,737)
At 30 June 2009				
Property development				
Hong Kong	66,128	3,144	69,272	(6,460)
Mainland China	11,927	2,442	14,369	(1,903)
Singapore	—	377	377	—
	78,055	5,963	84,018	(8,363)
Property investment				
Hong Kong	146,548	15,938	162,486	(2,579)
Mainland China	25,123	720	25,843	(1,114)
Singapore	—	2,580	2,580	—
	171,671	19,238	190,909	(3,693)
Hotel operation	4,722	1,316	6,038	(126)
Telecommunications	3,033	—	3,033	(1,675)
Other businesses	8,866	2,325	11,191	(2,801)
	266,347	28,842	295,189	(16,658)
Bank balances and deposits			8,143	—
Other financial assets			3,555	—
Bank and other borrowings			—	(42,025)
Unallocated corporate assets/(liabilities)			2,928	(1,503)
Taxation			—	(3,990)
Deferred taxation			—	(18,719)
Total assets/(liabilities)			309,815	(82,895)

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

2 SEGMENT INFORMATION (cont'd)

(c) Other segment information

The Group's depreciation and amortization and additions to segment assets by operating segments are analysed as follows:

	Depreciation and amortization charged to consolidated income statement		Additions to segment assets	
	2010	2009	2010	2009
Property development for sale	9	9	13,567	3,062
Property investment for rental	—	—	6,110	7,544
Hotel operation	156	153	2,153	87
Telecommunications	560	514	569	467
Other businesses	526	570	109	499
Unallocated corporate assets	27	27	8	70
	1,278	1,273	22,516	11,729

In addition to the above additions to segment assets, the Group also acquired interests in subsidiaries in 2009 as explained in note 31(b).

(d) Geographical information

An analysis of the Group's revenue by geographical area of principle markets is as follows:

	2010	2009
Hong Kong	32,064	32,930
Mainland China	926	1,061
Others	221	243
	33,211	34,234

An analysis of the Group's non-current assets by geographical location is as follows:

	2010			2009		
	The Company and its subsidiaries	Associates and jointly controlled entities	Consolidated	The Company and its subsidiaries	Associates and jointly controlled entities	Consolidated
Hong Kong	170,884	24,396	195,280	158,720	22,724	181,444
Mainland China	34,177	4,392	38,569	26,035	3,161	29,196
Singapore	—	3,693	3,693	—	2,957	2,957
Others	122	—	122	97	—	97
	205,183	32,481	237,664	184,852	28,842	213,694
Loan receivables			346			465
Other financial assets			3,554			2,953
Total non-current assets			241,564			217,112

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

3 NET FINANCE COSTS

	2010	2009
Interest expenses on		
Bank loans and overdrafts	489	682
Other loans wholly repayable within five years	53	97
Other loans not wholly repayable within five years	275	255
	817	1,034
Notional non-cash interest accretion	86	82
Less: Amount capitalized	(233)	(514)
	670	602
Interest income on bank deposits	(31)	(94)
	639	508

Finance costs have been capitalized for properties under development at rates ranging from 0.67% to 7.56% per annum (2009: 1.08% to 7.56%).

Notional non-cash interest accretion represents notional adjustments to accrete the carrying amount of asset retirement obligations and contractual obligations of telecommunications licence recognized in the statement of financial position to the present value of the estimated future cash flows expected to be required for their settlement in the future.

4 PROFIT BEFORE TAXATION

	2010	2009
Profit before taxation is arrived at		
after charging:		
Cost of properties sold	6,616	8,218
Cost of other inventories sold	495	435
Impairment loss of available-for-sale investments	—	232
Depreciation and amortization of hotel properties	138	136
Depreciation of other properties, plant and equipment	814	813
Amortization of intangible assets (included in cost of sales)	326	324
Impairment of goodwill	—	34
Operating lease rentals for land and buildings, transmission sites and leased lines	934	900
Staff costs (including directors' emoluments and retirement schemes contributions)	3,774	3,479
Auditors' remuneration	14	14
Loss on disposal of fixed assets	10	2
Loss on disposal of financial assets at fair value through profit or loss	—	13
Fair value loss on financial assets at fair value through profit or loss	—	148
and crediting:		
Dividend income from:		
listed investments	94	212
unlisted investments	4	3
Interest income from:		
listed debt securities	102	91
unlisted debt securities	6	—
Profit on disposal of available-for-sale investments	88	319
Profit on disposal of financial assets at fair value through profit or loss	59	—
Fair value gains on financial assets at fair value through profit or loss	25	—

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

5 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

The aggregate amounts of emoluments paid and payable to directors of the Company during the year are as follows:

Name of director	Fees	Salaries, allowances and benefits	Discretionary bonuses	Retirement scheme contributions	2010 Total emoluments	2009 Total emoluments
Executive Directors						
Kwok Ping-kwong, Thomas	0.14	1.72	0.13	0.16	2.15	2.06
Kwok Ping-luen, Raymond	0.25	1.77	0.13	0.16	2.31	2.23
Chan Kai-ming	0.10	2.80	0.21	0.26	3.37	3.22
Chan Kui-yuen, Thomas	0.13	3.81	6.28	0.35	10.57	10.25
Kwong Chun	0.10	2.20	2.10	—	4.40	3.96
Wong Chik-wing, Mike	0.10	9.43	5.04	0.66	15.23	13.84
Chan Kwok-wai, Patrick	0.10	5.30	3.51	0.01	8.92	—
Non-Executive Directors						
Kwong Siu-hing	0.12	—	—	—	0.12	0.12
Kwok Ping-sheung, Walter	0.13	—	—	—	0.13	0.13
Lee Shau-kee	0.11	—	—	—	0.11	0.11
Woo Po-shing	0.10	—	—	—	0.10	0.10
Kwan Cheuk-yin, William	0.15	—	—	—	0.15	0.15
Lo Chiu-chun, Clement	0.15	—	—	—	0.15	0.15
Wong Yick-kam, Michael (note a)	0.29	3.77	12.00	0.29	16.35	9.41
Independent Non-Executive Directors						
Dicky Peter Yip	0.35	—	—	—	0.35	0.35
Wong Yue-chim, Richard	0.22	—	—	—	0.22	0.21
Li Ka-cheung, Eric	0.57	—	—	—	0.57	0.51
Fung Kwok-lun, William	0.04	—	—	—	0.04	—
Past Directors						
Cheung Kin-tung, Marvin	0.14	—	—	—	0.14	0.34
Chung Sze-yuen	—	—	—	—	—	0.09
Total 2010	3.29	30.80	29.40	1.89	65.38	47.23
Total 2009	3.41	27.33	14.37	2.12		

Note:

(a) Mr. Wong Yick-kam, Michael ceased to be Executive Director and re-designated as Non-Executive Director on 1 January 2010.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

5 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (cont'd)

The above analysis included three (2009: three) individuals whose emoluments were among the five highest pay in the Group. Details of the emoluments paid to the remaining two (2009: two) individuals are:

	2010	2009
Salaries, allowances and benefits in kind	13.84	13.50
Discretionary bonuses	5.94	7.08
Retirement scheme contributions	1.02	0.99
	20.80	21.57

Number of employees whose emoluments fell within:

Emoluments band		Number	Number
HK\$M	HK\$M	of employees	of employees
8.5	— 9.0	—	1
10.0	— 10.5	1	—
10.5	— 11.0	1	—
12.5	— 13.0	—	1
		2	2

6 STAFF RETIREMENT SCHEMES

The Group operates a number of defined contribution schemes for all qualified employees. The assets of these schemes are held separately from those of the Group in independently administered funds. Contributions to these schemes are made by both the employers and employees at rates ranging from 5% to 10% on the employees' salary.

With effect from 1 December 2000, the Group sets up an employer sponsored scheme ("MPF Scheme") for other employees. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds. Pursuant to the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at specific rates. Contributions of the Group to the MPF Scheme are charged to income statement as incurred.

Total contributions to the retirement schemes made by the Group during the year amounted to HK\$190 million (2009: HK\$180 million). Forfeited contributions for the year of HK\$2 million (2009: HK\$2 million) were used to reduce the existing level of contributions.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

7 TAXATION

	2010	2009
Company and subsidiaries		
Current taxation		
Hong Kong profits tax	1,986	1,949
Under provision in prior years	6	29
	1,992	1,978
Tax outside Hong Kong	668	91
	2,660	2,069
Deferred taxation charge/(credit)		
Change in fair value of investment properties	3,730	(427)
Tax released on disposal of investment properties	(718)	—
Other origination and reversal of temporary differences	224	243
	3,236	(184)
	5,896	1,885

(a) Hong Kong profits tax is provided at the rate of 16.5% (2009: 16.5%) based on the estimated assessable profits for the year. Tax outside Hong Kong is calculated at the rates applicable in the relevant jurisdictions.

(b) Reconciliation between tax expenses and accounting profit at applicable tax rate:

	2010	2009
Profit before share of results of associates, jointly controlled entities and taxation	29,672	10,821
Tax at Hong Kong profits tax rate of 16.5% (2009: 16.5%)	4,896	1,785
Effect of change in tax rate and different tax rates of subsidiaries operating outside Hong Kong	991	37
Net effect of non-deductible expenses and non-taxable income	65	80
Utilization/recognition of tax losses not previously recognized	(37)	(34)
Tax losses and other temporary differences not recognized	(3)	37
Others	(16)	(20)
Tax expenses	5,896	1,885

(c) The tax assessments for certain subsidiaries of the Group for certain prior years have not been agreed with the relevant tax authorities. Provision has been made by the Group for these liabilities based on the estimates of the management, taking into consideration the best professional advice available. The final liabilities in respect of these outstanding assessments may differ from provisions made, giving rise to further provisions or a write back for provisions already made.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

8 DIVIDENDS

	2010	2009
Dividends recognized as distribution during the year:		
2010 Interim dividend of HK\$0.85 per share based on 2,564 million shares (2009: HK\$0.80 per share based on 2,564 million shares)	2,180	2,051
2009 final dividend of HK\$1.70 per share based on 2,564 million shares (2009: 2008 final dividend of HK\$1.70 per share based on 2,564 million shares)	4,359	4,359
	6,539	6,410
Proposed final dividend of HK\$1.85 per share based on 2,570 million shares (2009: HK\$1.70 per share based on 2,564 million shares)	4,755	4,359

9 EARNINGS PER SHARE

(a) Reported earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to the Company's shareholders of HK\$28,043 million (2009: HK\$10,356 million) and on the weighted average number of shares in issue during the year of 2,565,240,040 (2009: 2,564,333,362).

No diluted earnings per share for the year ended 30 June 2010 and 30 June 2009 is presented as there are no potential ordinary shares.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, basic earnings per share is additionally calculated based on the underlying profit attributable to the Company's shareholders of HK\$13,883 million (2009: HK\$12,415 million), excluding the effect of fair value changes on investment properties. A reconciliation of profit is as follows:

	2010	2009
Profit attributable to the Company's shareholders as shown in the consolidated income statement	28,043	10,356
(Increase)/decrease in fair value of investment properties	(16,469)	2,654
Effect of corresponding deferred tax charges/(credits)	3,730	(427)
Realized fair value gains of investment properties disposed net of deferred tax	805	53
Realized fair value losses of investment properties held by jointly controlled entities disposed net of deferred tax	—	(8)
Share of increase in fair value of investment properties net of deferred tax of associates and jointly controlled entities	(2,489)	(187)
	(14,423)	2,085
Non-controlling interests	263	(26)
	(14,160)	2,059
Underlying profit attributable to the Company's shareholders	13,883	12,415

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

10 INVESTMENT PROPERTIES

The Group

(a) Movement during year

	Completed	Under development	Total
Valuation			
At 1 July 2008	131,424	27,869	159,293
Acquired on acquisition of subsidiaries	292	—	292
Additions	917	1,211	2,128
Transfer upon completion	3,610	(3,610)	—
Transfer from			
— properties under development	2,108	—	2,108
— properties for sales	234	—	234
— deposits for acquisition of properties	—	100	100
Disposals	(31)	—	(31)
Transfer to			
— properties for sale	(8)	(774)	(782)
— other properties	(2,038)	—	(2,038)
Exchange difference	(22)	(35)	(57)
Decrease in fair value	(1,189)	(1,465)	(2,654)
At 30 June 2009 and 1 July 2009	135,297	23,296	158,593
Additions	548	5,562	6,110
Transfer upon completion	12,848	(12,848)	—
Transfer from			
— properties under development	—	6,708	6,708
— properties for sales	—	126	126
— deposits for acquisition of properties	14	—	14
Disposals	(2,897)	—	(2,897)
Transfer to			
— properties for sale	(52)	(1,347)	(1,399)
— other properties	(31)	—	(31)
— other fixed assets	—	(1)	(1)
Exchange difference	127	182	309
Increase in fair value	10,436	6,033	16,469
At 30 June 2010	156,290	27,711	184,001

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

10 INVESTMENT PROPERTIES (cont'd)

(b) Value of properties shown above comprises:

	2010	2009
Properties in Hong Kong held under		
Long lease (not less than 50 years)	24,017	22,353
Medium-term lease (less than 50 years but not less than ten years)	127,625	114,996
Properties outside Hong Kong held under		
Long lease (not less than 50 years)	1,120	993
Medium-term lease (less than 50 years but not less than ten years)	31,239	20,251
	184,001	158,593

(c) Investment properties revaluation

The Group's investment properties were valued at 30 June 2010 and 30 June 2009 by Knight Frank Petty Limited, an independent professional valuer, on a market value basis, in accordance with Valuation Standards on Properties issued by Hong Kong Institute of Surveyors.

(d) Profit on disposal of the Group's investment properties during the year amounted to HK\$203 million (2009: HK\$28 million).

(e) Gross rental income and direct operating expenses from investment properties during the year amounted to HK\$8,421 million (2009: HK\$7,765 million) and HK\$2,087 million (2009: HK\$1,980 million) respectively.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

11 FIXED ASSETS

	Hotel properties	Properties under development	Other properties	Network equipment	Other fixed assets	Total
The Group						
(a) Movement during year						
Cost						
At 1 July 2008	4,011	8,906	2,723	3,392	2,526	21,558
Acquired on acquisition of subsidiaries	—	—	—	—	109	109
Additions	46	5,124	85	368	531	6,154
Transfer upon completion	1,896	(1,896)	—	—	—	—
Transfer from						
— investment properties	—	—	2,038	—	—	2,038
— deposits for acquisition of land	—	97	—	—	—	97
Disposals	(1)	—	—	(94)	(112)	(207)
Transfer to						
— properties for sale	—	(27)	—	—	—	(27)
— investment properties	—	(2,108)	—	—	—	(2,108)
Exchange difference	—	(10)	—	—	—	(10)
At 30 June 2009 and 1 July 2009	5,952	10,086	4,846	3,666	3,054	27,604
Additions	49	2,111	28	464	202	2,854
Transfer upon completion	1,598	(1,598)	—	—	—	—
Transfer from						
— investment properties	—	—	31	—	—	31
— investment properties under development	—	—	—	—	1	1
Disposals	(1)	—	—	(192)	(68)	(261)
Transfer to investment properties	—	(6,708)	—	—	—	(6,708)
Exchange difference	—	—	—	—	3	3
At 30 June 2010	7,598	3,891	4,905	3,938	3,192	23,524
Accumulated depreciation						
At 1 July 2008	1,235	—	952	1,677	1,377	5,241
Charge for the year	136	—	106	383	324	949
Disposals	(1)	—	—	(91)	(106)	(198)
At 30 June 2009 and 1 July 2009	1,370	—	1,058	1,969	1,595	5,992
Charge for the year	138	—	104	422	288	952
Disposals	—	—	—	(180)	(65)	(245)
At 30 June 2010	1,508	—	1,162	2,211	1,818	6,699
Net book value at 30 June 2010	6,090	3,891	3,743	1,727	1,374	16,825
Net book value at 30 June 2009	4,582	10,086	3,788	1,697	1,459	21,612

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

11 FIXED ASSETS (cont'd)

(b) Net book value of properties shown above comprises:

	2010	2009
Properties in Hong Kong held under		
Long lease (not less than 50 years)		
Hotel properties	784	767
Properties under development	—	15
Other properties	2,306	2,374
	3,090	3,156
Medium-term lease (less than 50 years but not less than ten years)		
Hotel properties	3,695	3,814
Properties under development	3,730	5,342
Other properties	1,389	1,366
	8,814	10,522
Properties outside Hong Kong held under		
Medium-term lease (less than 50 years but not less than ten years)		
Hotel properties	1,611	—
Properties under development	161	4,728
Other properties	48	50
	1,820	4,778
	13,724	18,456

12 SUBSIDIARIES

The Company

	2010	2009
Unlisted shares, at cost	30,074	30,074

Particulars regarding principal subsidiaries are set out on pages 138 to 142.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

13 ASSOCIATES

The Group

	2010	2009
Unlisted shares, at cost less impairment loss	36	31
Hong Kong listed shares, at cost	585	585
Share of post-acquisition reserves	2,224	2,179
	2,845	2,795
Amounts due from associates	255	255
	3,100	3,050
Market value of Hong Kong listed shares	2,945	2,703

Amounts due from associates are unsecured, interest free and have no fixed terms of repayment and are repayable as may from time to time be agreed among the shareholders.

The Group's effective interest in the revenues, results, assets and liabilities of its associates are summarised below:

	2010	2009
Non-current assets	3,757	3,730
Current assets	1,353	1,512
Current liabilities	(675)	(794)
Non-current liabilities	(1,590)	(1,653)
Net assets	2,845	2,795
Revenue	2,454	2,309
Fair value change of investment properties net of related deferred tax	22	(11)
Profit for the year	228	215

Particulars regarding principal associates are set out on page 145.

14 JOINTLY CONTROLLED ENTITIES

The Group

	2010	2009
Unlisted shares, at cost less impairment loss	311	725
Share of post-acquisition reserves	18,971	15,736
	19,282	16,461
Amounts due from jointly controlled entities	10,099	9,331
	29,381	25,792

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

14 JOINTLY CONTROLLED ENTITIES (cont'd)

Amounts due from jointly controlled entities are unsecured, interest free and have no fixed terms of repayment and are repayable as may from time to time be agreed among the shareholders except for the amounts of HK\$3,188 million (2009: HK\$2,593 million) which are interest bearing at market rates.

The Group's effective interest in the revenues, results, assets and liabilities of its jointly controlled entities are summarised below:

	2010	2009
Non-current assets	48,622	45,818
Current assets	13,131	15,578
Current liabilities	(8,250)	(5,848)
Non-current liabilities	(34,221)	(39,087)
Net assets	19,282	16,461
Revenue	5,620	4,026
Fair value change of investment properties net of related deferred tax	2,467	198
Profit for the year	4,637	1,412

Particulars regarding principal jointly controlled entities are set out on pages 143 to 144.

15 LOAN RECEIVABLES

The Group

	2010	2009
Loan receivables	371	511
Less: Amount due within one year included under current assets	(25)	(46)
	346	465

Loan receivables include mortgage loan receivables which are secured on properties and repayable by monthly instalments with various tenors not more than 20 years at the year end date and carry interest at rates with reference to banks' lending rates.

As at 30 June 2010, 5% (2009: 5%) of loan receivables have been overdue but not impaired, of which 98% (2009: 96%) are aged less than three months since the due dates. These relate to a number of independent customers for whom the creditworthiness, collateral and subsequent settlement after reporting date are assessed and there has not been a significant change in credit quality and the amounts are still considered recoverable.

Impairment losses in respect of loan receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against loan receivables directly. The balance and movement of the impairment allowance as at 30 June 2010 and 30 June 2009 is not significant.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

16 OTHER FINANCIAL ASSETS

The Group

	2010	2009
Held-to-maturity debt securities		
Listed debt securities, overseas	348	354
Unlisted debt securities	80	—
	428	354
Available-for-sale debt securities		
Listed debt securities, overseas	891	561
Listed debt securities, Hong Kong	52	46
Unlisted debt securities	41	8
	984	615
Available-for-sale equity securities		
Listed equity securities, overseas	554	534
Listed equity securities, Hong Kong	1,180	1,045
Unlisted equity securities	408	405
	2,142	1,984
	3,554	2,953
Market value of listed securities		
Listed overseas	1,798	1,458
Listed in Hong Kong	1,232	1,091
	3,030	2,549

17 INTANGIBLE ASSETS

The Group

	Concession assets	Goodwill	Telecommunications licences	Total
At 1 July 2008	4,366	35	570	4,971
Additions	—	34	—	34
Impairment	—	(34)	—	(34)
Amortization	(259)	—	(65)	(324)
At 30 June 2009 and 1 July 2009	4,107	35	505	4,647
Additions	—	—	36	36
Amortization	(259)	—	(67)	(326)
At 30 June 2010	3,848	35	474	4,357

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

17 INTANGIBLE ASSETS (cont'd)

Concession assets represent cost of tunnel, approach road and buildings, electrical and mechanical systems under the service concession arrangement with the HKSAR Government to participate in the development, financing, operation and maintenance of toll road infrastructure less accumulated amortization and impairment loss.

Goodwill represents the excess of the cost of acquisition over the net fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries. At the year end date, an impairment test was performed by comparing the carrying amount of the business with the recoverable amount.

Telecommunications licences represent the discounted value of the annual fees payable for the telecommunications licences over the licence period less accumulated amortization and impairment loss. The corresponding non-current and current portion of these contractual liabilities are recorded in other long-term liabilities and other payables respectively.

18 PROPERTIES FOR SALE

The Group

	2010	2009
Properties pending development for sale	28,890	19,812
Properties under development for sale	42,489	39,297
Stock of completed properties for sale	13,544	9,238
	84,923	68,347

19 DEBTORS, PREPAYMENTS AND OTHERS

	Notes	2010		2009	
		The Group	The Company	The Group	The Company
Materials		166	—	196	—
Debtors, deposits and prepayments		10,342	7	14,123	7
Deposits for acquisition of properties		4,882	—	562	—
Amounts due from customers for contract works	19a	60	—	50	—
Short-term loans		63	—	287	—
Derivative financial instruments	19b	547	—	393	—
		16,060	7	15,611	7

Considerations in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. Monthly rents in respect of leased properties are payable in advance by the tenants. Other trade debtors settle their accounts according to the payment terms as stated in the respective contracts.

Included in debtors, prepayments and others of the Group are trade debtors of HK\$5,228 million (2009: HK\$11,661 million), of which 92% (2009: 95%) are aged less than 60 days, 2% (2009: 1%) between 61 to 90 days and 6% (2009: 4%) more than 90 days.

As at 30 June 2010, 14% (2009: 7%) of trade debtors are past due but not impaired, of which 85% (2009: 85%) are aged less than three month since the due dates. These relate to a number of independent customers for whom there is no recent history of default and there has not been a significant change in credit quality and the amounts are still considered recoverable.

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly. The balance and movement of the impairment allowance as at 30 June 2010 and 30 June 2009 is not significant.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

19 DEBTORS, PREPAYMENTS AND OTHERS (cont'd)

19a. Amounts due from/(to) customers for contract works

The Group

	Notes	2010	2009
Contract costs incurred plus recognized profits less recognized losses		1,499	729
Less: Progress billings		(1,495)	(687)
		4	42
Represented by:			
Due from customers included in current assets	19	60	50
Due to customers included in current liabilities	24	(56)	(8)
		4	42

19b. Derivative financial instruments

	Notes	2010		2009	
		Assets	Liabilities	Assets	Liabilities
Fair value hedges	19 & 24				
— interest rate swaps		544	—	391	—
— currency swaps		3	4	2	2
		547	4	393	2
Cash flow hedge					
— interest rate swap		—	2	—	—

At the year end date, the Group had outstanding fair value hedges in respect of fixed-to-floating interest rate swaps to hedge the fair value interest rate risk of the Group's fixed interest rate borrowings and currency swaps (to hedge principal repayment of USD debt) analysed as follows:

	Notional principal amount	
	2010	2009
Fixed-to-floating interest rate swaps maturing		
Within one year	—	250
After one year, but within five years	921	521
After five years	3,123	2,925
	4,044	3,696
Currency swaps maturing		
Within one year	—	233
After one year, but within five years	452	450
	452	683

The fixed-to-floating interest rate swaps converted the fixed rates to floating rates at HIBOR plus a weighted average margin of 0.42% (2009: 0.39%) per annum. The swaps are measured at fair value at the year end date and the increase in fair value during the year in the amount of HK\$152 million (2009: HK\$311 million) along with the corresponding increase in fair value of the hedged borrowings attributable to the hedged risk of the same amount has been recognized in income statement.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

19 DEBTORS, PREPAYMENTS AND OTHERS (cont'd)

19b. Derivative financial instruments (cont'd)

At the year end date, the Group had outstanding cash flow hedge in respect of floating-to-fixed interest rate swap to hedge the exposure to variability in cash flows of the Group's floating interest rate borrowing analysed as follows:

	Notional principal amount	
	2010	2009
Floating-to-fixed interest rate swap maturing		
After one year, but within five years	100	100

The floating-to-fixed interest rate swap converted the floating rate to fixed rate at 2.66%. The swap is measured at fair value and the increase in fair value during the year are recognized in the cash flow hedging reserve in equity and will be released to the income statement when the hedged forecast transaction affects profit or loss.

20 AMOUNT DUE FROM A SUBSIDIARY

The Company

Amount due from a subsidiary is interest free and repayable on demand.

21 OTHER FINANCIAL ASSETS

The Group

	2010	2009
Financial assets at fair value through profit or loss		
Listed equity securities, Hong Kong	514	505
Listed equity securities, overseas	22	97
	536	602
Held-to-maturity debt securities maturing within one year		
Listed debt securities, overseas (Market value: HK\$319 million (2009: Nil))	314	—
	850	602

22 BANK BALANCES AND DEPOSITS

The Group

	2010	2009
Bank deposits	6,418	6,302
Bank balances and cash	1,786	1,841
	8,204	8,143

Deposits with banks are interest bearing at prevailing market rates. About 69% (2009: 53%) of the Group's bank balances and deposits are denominated in Hong Kong dollars, 17% (2009: 34%) in United States dollars, 12% (2009: 11%) in Renminbi and 2% (2009: 2%) in other currencies.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

23 BANK AND OTHER BORROWINGS

	Note	2010		2009	
		The Group	The Company	The Group	The Company
Unsecured bank overdrafts		92	3	105	23
Long-term bank and other borrowings due within one year	25	11,170	—	2,539	—
		11,262	3	2,644	23

24 TRADE AND OTHER PAYABLES

	Notes	2010		2009	
		The Group	The Company	The Group	The Company
Creditors and accrued expenses		16,089	20	12,757	20
Amounts due to customers for contract works	19a	56	—	8	—
Amounts due to non-controlling interests		1,516	—	1,833	—
Derivative financial instruments	19b	6	—	2	—
		17,667	20	14,600	20

Included in trade and other payables of the Group are trade creditors of HK\$1,489 million (2009: HK\$1,270 million), of which 59% (2009: 63%) are aged less than 60 days, 2% (2009: 3%) between 61 to 90 days and 39% (2009: 34%) more than 90 days.

25 BANK AND OTHER BORROWINGS

	2010		2009	
	The Group	The Company	The Group	The Company
Unsecured bank overdrafts	92	3	105	23
Long-term bank and other loans	45,296	—	41,920	—
	45,388	3	42,025	23

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

25 BANK AND OTHER BORROWINGS (cont'd)

The maturity of the Group's long-term bank and other loans are as follows:

	Note	2010	2009
Secured bank loans repayable			
Within one year		195	220
After one year, but within two years		225	646
After two years, but within five years		2,646	1,605
After five years		207	724
		3,273	3,195
Unsecured bank loans repayable			
Within one year		10,975	381
After one year, but within two years		5,424	10,045
After two years, but within five years		13,480	16,304
		29,879	26,730
Other unsecured loans repayable			
Within one year		—	1,938
After one year, but within two years		2,373	—
After two years, but within five years		3,276	4,533
After five years		6,495	5,524
		12,144	11,995
		45,296	41,920
Less : Amount due within one year included under current liabilities	23	(11,170)	(2,539)
		34,126	39,381

The fair values of the long-term borrowings as estimated by discounting their future cash flows at the prevailing market borrowing rates at the year end date for similar borrowings are as follows:

	Carrying amount		Fair value	
	2010	2009	2010	2009
Secured bank loans	3,078	2,975	3,078	2,975
Unsecured bank loans	18,904	26,349	18,904	26,349
Other unsecured loans	12,144	10,057	12,711	10,194
	34,126	39,381	34,693	39,518

- (a) As at 30 June 2010, the Group had entered into fixed-to-floating interest rate swaps in the aggregate notional amount of HK\$4,044 million (2009: HK\$3,696 million) to hedge the fair value interest rate risk of certain fixed interest rate borrowings (see note 19b). These borrowings and the related hedging derivatives are reported at fair value through income statement.
- (b) Secured bank loans related to bank borrowings of the Group's subsidiaries which are secured by way of legal charges over certain of its assets and business undertakings.
- (c) The above bank loans and other loans are repayable on various dates up to September 2019 (2009: June 2019) and carry interest, after hedging where appropriate, at effective rate per annum of 1.98% (2009: 1.34%) at the year end date.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

25 BANK AND OTHER BORROWINGS (cont'd)

(d) The carrying amount of the borrowings are denominated in the following currencies:

	2010		2009	
	The Group	The Company	The Group	The Company
Hong Kong dollars	35,641	3	33,297	23
United States dollars	3,081	—	3,372	—
Singapore dollars	—	—	1,448	—
Renminbi	6,598	—	3,847	—
Other currency	68	—	61	—
	45,388	3	42,025	23

26 DEFERRED TAXATION

The Group

The components of the carrying amount of deferred tax balances and the movements during the year are as follows:

	Accelerated tax depreciation	Revaluation of properties	Tax losses	Others	Total
At 1 July 2008	2,334	17,273	(689)	(15)	18,903
On acquisition of subsidiaries	10	—	—	—	10
Charged/(credited) to income statement	214	(427)	27	2	(184)
Exchange difference	(1)	(9)	—	—	(10)
At 30 June 2009 and 1 July 2009	2,557	16,837	(662)	(13)	18,719
Charged to income statement	189	3,012	14	21	3,236
Exchange difference	4	46	—	—	50
At 30 June 2010	2,750	19,895	(648)	8	22,005

At the year end date, the Group has unrecognized tax losses and deductible temporary differences of HK\$3,732 million (2009: HK\$3,426 million), of which HK\$1 million (2009: HK\$11 million) of the tax losses will expire at various dates up to 2010 (2009: 2014). Recognition of these unrecognized tax losses depends on future taxable profits available and losses agreed with the relevant tax authorities.

27 OTHER LONG-TERM LIABILITIES

The Group

	2010	2009
Asset retirement and other obligations	78	55
Contractual obligations for telecommunications licences	661	652
	739	707

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

28 SHARE CAPITAL

	2010		2009	
	Number of shares in million	Amount	Number of shares in million	Amount
Authorized:				
Ordinary shares of \$0.50 each				
At beginning and end of year	2,900	1,450	2,900	1,450
Issued and fully paid:				
Ordinary shares of \$0.50 each				
At beginning of year	2,564	1,282	2,564	1,282
Issue of shares in lieu of cash dividends	6	3	—	—
At end of year	2,570	1,285	2,564	1,282

On 4 May 2010, the Company issued and allotted 5,705,819 new fully paid shares of HK\$0.50 each in the Company at HK\$117.74 to the shareholders who elected to receive shares in the Company in lieu of cash for the interim dividends pursuant to the scrip dividend schemes announced by the Company on 11 March 2010. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

29 SHARE OPTION SCHEMES

The Company has a share option scheme which was adopted on 5 December 2002 ("the New Scheme") to replace a former scheme previously adopted on 20 November 1997 ("the Old Scheme"), whereby the directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company. Details of the share option schemes are set out in the Directors' Report on pages 59 to 65.

The Old Scheme

Upon the termination of the Old Scheme, no further options could be offered and no options remained outstanding at 30 June 2010 and 30 June 2009.

The New Scheme

The New Scheme was adopted by the Company in order to comply with the new requirements under Chapter 17 of the Listing Rules. No options have been granted to any person for both years.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

30 SHARE PREMIUM AND RESERVES

The Company

	Share premium	Capital reserve	Retained profits	Total
At 1 July 2008	35,782	5,281	65,686	106,749
Profit for the year	—	—	6,648	6,648
Final dividend paid for the year ended 30 June 2008	—	—	(4,359)	(4,359)
Interim dividend paid for the year	—	—	(2,051)	(2,051)
At 30 June 2009 and 1 July 2009	35,782	5,281	65,924	106,987
Premium arising from issue of shares, net of expenses	669	—	—	669
Profit for the year	—	—	6,903	6,903
Final dividend paid for the year ended 30 June 2009	—	—	(4,359)	(4,359)
Interim dividend paid for the year	—	—	(2,180)	(2,180)
At 30 June 2010	36,451	5,281	66,288	108,020

31 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to cash generated from operations

	2010	2009
Operating profit before change in fair value of investment properties	13,842	13,983
Depreciation and amortization	1,278	1,273
Impairment of goodwill	—	34
Profit on disposal of investment properties	(203)	(28)
Loss on disposal of fixed assets	10	2
Profit on disposal of available-for-sale investments	(88)	(319)
Impairment loss of available-for-sale investments	—	232
Dividend income from investments	(98)	(215)
Interest income	(168)	(110)
Exchange difference	49	37
Operating profit before changes in working capital	14,622	14,889
(Increase)/decrease in properties for sale	(2,167)	1,721
Additions to properties pending development for sale	(13,682)	(3,045)
Increase in debtors, prepayments and others	(681)	(6,064)
Decrease in financial assets at fair value through profit or loss	66	184
Increase in trade and other payables	3,364	1,162
Increase in deposits received on sales of properties	7,818	2,585
Cash generated from operations	9,340	11,432

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

31 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

(b) Purchase of subsidiaries and assets

In December 2008, the Group acquired an additional 51% interest in Kamford Hong Kong Ltd (formerly known as VINCI Park Wilson Parking Company Limited) raising its total interest to 100%, which holds an investment property in Hong Kong.

In June 2009, the Group acquired 100% interest in Park Island Transport Company Limited which provides non-franchised bus and ferry services in Hong Kong from a wholly-owned subsidiary of Transport International Holdings Limited, for a consideration of HK\$111 million.

The cash flow and net assets acquired are as follows:

	2010	2009
	Fair value	Fair value
Net assets acquired:		
Investment properties	—	292
Fixed assets	—	109
Debtors, prepayments and others	—	19
Bank balances and cash	—	7
Trade and other payables	—	(17)
Taxation	—	(1)
Deferred tax liabilities	—	(10)
	—	399
Less: Interests in jointly controlled entities	—	(115)
	—	284
Satisfied by:		
Cash paid	—	280
Deferred consideration	—	4
	—	284
	2010	2009
Analysis of net cash outflow in respect of the purchase of subsidiaries:		
Cash consideration paid	—	280
Bank balances and cash acquired	—	(7)
	—	273

(c) Analysis of the balance of cash and cash equivalents at end of year

	2010	2009
Bank deposits	6,418	6,302
Bank balances and cash	1,786	1,841
Bank overdrafts	(92)	(105)
	8,112	8,038
Less: Pledged bank deposits	(340)	(389)
	7,772	7,649

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

32 JOINTLY CONTROLLED ASSETS

The Group

At the year end date, the aggregate amounts of assets and liabilities recognized in the financial statements relating to the Group's interests in jointly controlled assets are as follows:

	2010	2009
Investment properties	8,975	8,596
Properties under development	—	1
Properties under development for sale	184	148
Stocks of completed properties for sale	143	143
	9,302	8,888
Trade and other payables	197	193
Taxation	59	38
Deferred taxation	853	786
	1,109	1,017

33 RELATED PARTY TRANSACTIONS

During the year, the Group undertook various transactions with related parties. The following is a summary of significant transactions, in addition to those disclosed elsewhere in the financial statements, between the Group and related parties, which were carried out in the normal course of the Group's business at similar terms to other customers or suppliers and at market prices:

		Associates		Jointly controlled entities	
		2010	2009	2010	2009
Interest income	(a)	—	1	98	103
Rental income	(b)	6	6	1	1
Rental expenses	(b)	—	—	29	29
Other revenue from services rendered	(c)	93	129	710	246
Purchase of goods and services	(c)	—	—	384	400
Purchase of assets	(d)	490	111	—	—

- (a) The outstanding balances with associates and jointly controlled entities at the year end date are disclosed in notes 13 and 14 respectively.
- (b) The Group has, in the normal course of its business, entered into lease agreements to lease premises to and from related parties. The leases were entered into on normal commercial terms.
- (c) Purchase of goods from and rendering of services to related parties were conducted in the normal course of business at prices and on terms comparable to those contracted with other suppliers/customers of the Group.
- (d) In January 2010, the Group purchased 50% interest in a development site from a wholly-owned subsidiary of Transport International Holdings Limited, for a consideration of HK\$490 million. (2009 transactions are disclosed in note 31(b)).

Emoluments to directors (being the key management personnel compensation) are disclosed in note 5.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

34 CONTINGENT LIABILITIES AND COMMITMENTS

The Group

At the year end date, the Group had contingent liabilities and commitments, so far as not provided for in the consolidated financial statements, as follows:

	2010	2009
(a) Capital commitments in respect of fixed assets		
Contracted but not provided for	4,323	10,529
Authorized but not contracted for	2,841	544
(b) Capital commitments in respect of investments		
Contracted but not provided for	2	2
(c) The Group's share of capital commitments of jointly controlled entities		
Contracted but not provided for	705	772
Authorized but not contracted for	—	1
(d) Guarantees given to banks and financial institutions for the borrowings of an associate and jointly controlled entities of HK\$3,037 million (2009: HK\$2,833 million) and other guarantees of HK\$4 million (2009: HK\$2 million).		

The Company

At the year end date, the Company had contingent liabilities, not included in the Company's financial statements, in respect of guarantees for bank and other borrowings drawn by:

	2010	2009
Subsidiaries	42,826	38,724
An associate	363	363
Jointly controlled entities	2,445	2,470
	45,634	41,557

35 OPERATING LEASE

At the year end date, the future aggregate minimum lease income receivable by the Group under non-cancellable operating leases for land and buildings is analysed as follows:

	2010	2009
Not later than one year	7,445	6,811
Later than one year but not later than five years	9,021	7,787
Later than five years	1,967	2,182
	18,433	16,780

At the year end date, the future aggregate minimum lease charges payable by the Group under non-cancellable operating leases for land and buildings, transmission sites and leased lines is analysed as follows:

	2010	2009
Not later than one year	637	590
Later than one year but not later than five years	555	394
Later than five years	266	112
	1,458	1,096

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

36 CHARGES OF ASSETS

At the year end date, certain bank deposits of the Group's subsidiary, SmarTone Telecommunications Holdings Limited, in the aggregate amount of HK\$340 million (2009: HK\$389 million) have been pledged for securing performance bonds related to 3G licence and some other guarantees issued by the banks.

At the year end date, certain assets of the Group's subsidiaries with an aggregate net carrying amount of approximately HK\$16,441 million (including bank balances of HK\$6 million) (2009: HK\$7,436 million (including bank balances of HK\$8 million)) have been charged to secure its bank borrowings.

37 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS

In the application of the Group's accounting policies, the management of the Company is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions used in preparing the financial statements are continually evaluated based on historical experience and other factors that are considered relevant, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) *Fair value of investment properties*

At each year end date, the Group's investment properties are stated at fair value based on the valuation carried out by an independent qualified professional valuer. In determining the fair value, the valuer has based on market value basis which takes into account, inter-alia, certain estimates, including open market rents, appropriate capitalization rates, reversionary income potential, redevelopment potential and comparable market transactions. The management has reviewed the valuation and is satisfied that the valuation of the Group's investment properties is reasonable.

(b) *Impairment of assets*

Assets including goodwill and intangible assets 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 of an asset is the greater of the fair value less costs to sell and value in use. Estimating the value in use of an asset involves estimating the future cash flows expected to arise from its continuing use and from its disposal at the end of its useful life and applying the appropriate discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

(c) *Income taxes*

There are transactions and calculations relating to the Group's ordinary business activities for which the ultimate tax determination is uncertain and judgement is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

(d) *Recognition of deferred tax assets*

The amount of the deferred tax assets included in the financial statement of the Group is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilized. The recognition of deferred tax assets requires the Group to make judgements, based on assessment regarding future financial performance, about the amount of future taxable profits and the timing of when these will be realized.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

37 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS (cont'd)

(e) *Assessment of useful economic lives*

Fixed assets and intangibles (other than goodwill) are depreciated or amortized over their useful economic lives. The assessment of estimated useful lives is a matter of judgement based on the experience of the Group, taking into account factors such as technological progress, changes in market demand, expected usage and physical wear and tear. Useful lives are periodically reviewed for continued appropriateness. Due to long lives of assets, changes to the estimates used can result in variations in their carrying value.

(f) *Fair value of financial instruments*

Financial instruments such as available-for-sale securities and derivative financial instruments are measured in the financial statements at fair values. The management uses its judgement in selecting the appropriate valuation technique for financial instruments that are not quoted in an active market. For derivative financial instruments such as interest rate swaps and currency swaps, assumptions are made based on inputs supported by observable market prices or rates.

38 FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include investments, amounts due from associates and jointly controlled entities, loans receivables, trade debtors, bank balances and deposits, trade creditors, bank and other borrowings and other long-term liabilities. Details of these financial instruments are disclosed in respective notes.

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The risks associated with these financial instruments are managed by the Group's financial management policies and practices described below:

(a) *Foreign currency risk*

Foreign currency exposure does not pose a significant risk for the Group as most of the Group's assets, operational cash flows and borrowings are denominated in Hong Kong dollars. The Group aims to minimize its currency risk using forward contracts where feasible and cost effective. The Group's primary foreign currency exposures arise mainly from the property development and investment activities in Mainland China and Singapore, whose net assets are exposed to foreign currency translation risk. Where appropriate, the Group seeks to finance these investments through borrowings denominated in the relevant foreign currencies. Exchange differences arising from the translation of the net investment in these Mainland China and Singapore subsidiaries, associates and jointly controlled entities have been dealt with as an equity movement.

The Group is also exposed to foreign currency risk in respect of its foreign currency borrowings, mainly denominated in United States dollars. Where appropriate, the Group may enter into currency swaps to hedge the currency risks associated with its borrowings. Foreign currency exposure of the Group's other monetary assets/liabilities is minimal.

At 30 June 2010, it is estimated that a 10% increase/decrease in exchange rate of Hong Kong dollars against all other currencies, with all other variables held constant, would increase/decrease the profit before taxation for the year by approximately HK\$48 million (2009: HK\$69 million). The equity would be decreased/increased by HK\$173 million (2009: HK\$97 million).

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

38 FINANCIAL RISK MANAGEMENT (cont'd)

(b) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly, at times of interest rate uncertainty, through the use of interest rate swaps.

The Group's interest rate risks arise principally from borrowings. Borrowings raised at floating rates expose the Group to cash flow interest rate risk. Interest rate risk is managed by the Group's senior management through regular review to determine the strategy as to having the funding in floating/fixed rate mix appropriate to the Group's businesses and investments.

The Group's borrowings are principally arranged on a floating rate basis. When appropriate, interest rate swaps are used to hedge and manage its long-term interest rate exposure. Speculative derivative transactions are strictly prohibited.

As at 30 June 2010, it is estimated that an increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the profit before taxation for the year by approximately HK\$297 million (2009: HK\$265 million). The equity would be decreased/increased by approximately HK\$46 million and HK\$55 million, respectively (2009: HK\$34 million and HK\$36 million, respectively).

The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the year end date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The analysis is performed on the same basis for financial year 2009.

(c) Price risk

The Group is exposed to price risk through the Group's certain available-for-sale investments and other financial assets that are measured at fair value at each year end date with reference to the quoted market prices. The Group manages its exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of these investments.

As at 30 June 2010, it is estimated that an increase/decrease of 10% in equity prices, with all other variables held constant, would increase/decrease the profit before taxation for the year and total equity by approximately HK\$50 million and HK\$271 million, respectively (2009: HK\$51 million and HK\$219 million, respectively).

(d) Credit risk

The Group's credit risk is primarily attributable to trade debtors, derivative financial instruments and deposits with banks and financial institutions and held-to-maturity debt securities.

The Group's trade debtors mainly arise from sale of properties developed by the Group and rent receivables from tenants. Occasionally, long term loans are provided to purchasers of the Group's properties and carry interest at rates with reference to banks' lending rates. Regular review is carried out and stringent monitoring procedures are in place to deal with overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each year end date to ensure that adequate impairment loss is made for irrecoverable amounts.

Counterparty exposure from derivatives is managed, together with that from deposits and bank account balances, with credit limit that reflect published credit ratings and monitored on a regular basis to ensure there is no significant risk to any individual counterparty. Investments in held-to-maturity debt securities are generally limited to issuers of sound credit and rating.

The Group has no significant concentration of credit risk. The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the financial statement after deducting any impairment loss. Except for the financial guarantees given by the Company as set out in note 34, the Group does not provide any other guarantee which would expose the Group to material credit risk.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

38 FINANCIAL RISK MANAGEMENT (cont'd)

(e) Liquidity risk

The Group's financial and treasury activities are centrally managed and controlled at the corporate level. The Group takes liquidity risk into consideration when deciding its sources of finances and their respective tenors. The Group aims to diversify its funding sources and minimize its refinancing risk by preventing substantial refinancing in any one period. The Group also maintains substantial undrawn committed revolving banking facilities to allow for flexibility in meeting its funding requirements.

The following tables detail the Group's remaining contractual maturity for its derivative and non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

As at 30 June 2010	Note	Carrying amount	Total contractual undiscounted cash flow	Up to 1 year	> 1 year to 2 years	> 2 years to 5 years	> 5 years
Creditors and accrued expenses	24	16,089	16,091	13,430	1,068	1,458	135
Amounts due to							
non-controlling interests	24	1,516	1,516	978	—	538	—
Bank and other borrowings	23 & 25	45,388	48,626	12,219	8,784	20,842	6,781
Other long-term liabilities	27	739	1,094	—	116	463	515
Derivative financial instruments	19b	6	6	4	2	—	—
		63,738	67,333	26,631	9,970	23,301	7,431

As at 30 June 2009	Note	Carrying amount	Total contractual undiscounted cash flow	Up to 1 year	> 1 year to 2 years	> 2 years to 5 years	> 5 years
Creditors and accrued expenses	24	12,757	12,760	8,047	1,211	3,377	125
Amounts due to							
non-controlling interests	24	1,833	1,833	1,269	—	564	—
Bank and other borrowings	23 & 25	42,025	44,888	3,284	11,272	23,629	6,703
Other long-term liabilities	27	707	1,143	—	96	405	642
Derivative financial instruments	19b	2	4	2	(2)	—	4
		57,324	60,628	12,602	12,577	27,975	7,474

(f) Fair values

Listed investments are stated at quoted market prices. Unlisted equity investments for which fair values cannot be reliably measured are stated at cost less impairment losses.

The fair values of trade receivables, bank balances, trade payables, accruals and short-term borrowings approximate to their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of currency swap contracts is determined using quoted forward exchange rates at the year end date.

The carrying amounts of mortgage loan receivables, which carry variable interest rates and reprice with reference to market changes, approximate their fair values.

The carrying amounts of other financial assets and liabilities in the financial statements are not materially different from their fair values.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

38 FINANCIAL RISK MANAGEMENT (cont'd)

(f) Fair values (cont'd)

The following table presents the carrying value of financial instruments that are measured at fair value at end of reporting date, categorised across the levels of fair value hierarchy defined as follows:

Level 1 Fair values measured at quoted prices (unadjusted) in active markets.

Level 2 Fair values measured using inputs other than quoted prices where those inputs are based on observable market data.

	Level 1	Level 2	Total
Financial assets			
Available-for-sale debt securities			
Listed debt securities, overseas	891	—	891
Listed debt securities, Hong Kong	52	—	52
Unlisted debt securities	41	—	41
Available-for-sale equity securities			
Listed equity securities, overseas	554	—	554
Listed equity securities, Hong Kong	1,180	—	1,180
Unlisted equity securities	—	166	166
Financial assets at fair value through profit or loss			
Listed equity securities, Hong Kong	514	—	514
Listed equity securities, overseas	22	—	22
Derivative financial instruments			
Interest rate swap	—	544	544
Currency swap	—	3	3
	3,254	713	3,967
Financial liabilities			
Derivative financial instruments			
Interest rate swap	—	2	2
Currency swap	—	4	4
	—	6	6

Comparative figure is not required in accordance with the transitional provision set out in the amendments to HKFRS 7.

Notes to the Financial Statements

(Expressed in millions of Hong Kong dollars)

39 CAPITAL MANAGEMENT

The Group's objective for managing capital is to maintain a strong capital base to support the development of its business and to continue to provide returns for shareholders while maintaining a prudent level of financial leverage.

The Group actively reviews and monitors its capital structure on a regular basis to maintain a healthy net debt-to-shareholders' funds ratio. For this purpose the Group defines net debt as total borrowings less bank balances and deposits. Shareholders' funds comprise share capital, share premium and reserves attributable to the Company's shareholders as shown in the consolidated statement of financial position. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, raise new debt financing or sell assets to reduce debt.

The net debt-to-shareholders' funds ratios at the year end were as follows:

	2010	2009
Secured bank loans	3,273	3,195
Unsecured bank and other loans	42,115	38,830
Total borrowings	45,388	42,025
Less: Bank balance and deposits	(8,204)	(8,143)
Net debt	37,184	33,882
Shareholders' funds	245,078	222,268
Net debt-to-shareholders funds ratio	15.2%	15.2%

40 APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 89 to 145 were approved by the board of directors on 20 September 2010.

Principal Subsidiaries

The directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries as at 30 June 2010 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal subsidiaries were incorporated and are operating in Hong Kong, unlisted and are indirectly held by the Company.

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Nominal Value of Issued Ordinary Share Capital/ Registered Capital* (HK\$)
SUNeVision Holdings Ltd. (Listed in Hong Kong)	2	84.63	IT infrastructure & internet services investment	203,148,383
SmarTone Telecommunications Holdings Limited (Listed in Hong Kong)	3	65.59	Mobile telephone system operation	52,567,243
Sun Hung Kai Real Estate Agency Limited	6	100	General management & agency	1,000,000
New Town (N.T.) Properties Limited	7	100	Investment holding	2,287,658,338
Hung Kai Finance Company, Limited	9	100	Registered deposit-taking company	100,000,200
Fidelity Finance Company, Limited	6	100	Finance	200
Honour Finance Company, Limited	6	100	Finance	500,000
Sun Hung Kai Properties (Financial Services) Limited	6	100	Finance	100,000
Sun Hung Kai Properties Insurance Limited	6	100	General insurance	75,000,000
Sun Hung Kai Architects and Engineers Limited	6	100	Architectural & engineering	350,000
Sanfield Building Contractors Limited		100	Building construction	10,200,000
Everlight Engineering Company, Limited		100	Fire prevention & mechanical engineering	50,000
Aegis Engineering Company, Limited		100	Plant and machine hire	100,000
Hong Yip Service Company Limited		100	Property & facility management	100,000
Kai Shing Management Services Limited	6	100	Property & facility management	10,000
Mantegna Investment Company Limited	1	100	Property investment	2
		100		(Note 11) 9,999,998
New Town Serviced Apartment Management Company Limited		100	Furnished apartment management	200
Royaltelle International Limited		100	Hotel management	2
Able Smart Assets Limited	1	100	Property investment	US\$1
Ace Peace Limited		100	Property investment	1
Additech Ltd.	1	100	Property investment	US\$1
Advance Vision Enterprises Limited		100	Property investment	2
Airport Freight Forwarding Centre Company Limited		100	Freight forwarding centre	100
Annadale Development Limited		100	Property development and investment	2
Antanpark Limited	1	100	Property investment	US\$1
Antinio Investments Limited	1	100	Property investment	US\$1
Artsland Properties Investment Limited	1	100	Property investment	US\$1
Barnard Enterprises Limited	1	75	Property investment	US\$100
Beachshore Limited		100	Property development	10,000,000
		100		(Note 10) 400,000
Beauty Marble Investment Limited		100	Property investment	2
Beijing Sun Dong An Co Ltd.	5a	100	Property investment	US\$129,000,000*
Best Winners Limited	1	100	Property investment	US\$1
Biliboss Ltd.	1	100	Property investment	US\$1
Billion Great Investment Limited		100	Property development	2
Branhall Investments Limited	1	100	Property investment	2
		100		(Note 11) 39,999,998

Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Nominal Value of Issued Ordinary Share Capital/ Registered Capital* (HK\$)
Buratto Limited	1	100	Property investment	US\$1
Century Loyal Limited		100	Property development	1
Cheerlord Investment Ltd.	1	100	Property investment	US\$1
成都忠捷置業有限公司	5b	91	Property development	RMB213,000,000*
City Lion Investment Limited	1	100	Property investment	US\$1
City Success Limited		100	Property development and investment	2
Cranejoy Limited		100	Property development	350,000,000
Dartfield Development Limited		100	Property development	2
Dictado Company Limited		100	Property investment	200
Dipende Limited	1	100	Property investment	US\$1
Entero Company Limited	8	100	Property investment	200
Even Decade Limited	1	100	Property investment	US\$1
Ever Channel Limited		100	Property investment	2
Ever Crown Properties (Suzhou) Co, Ltd.	5b	90	Property development and investment	RMB1,800,000,000*
Ever Fast Limited		100	Property development and investment	2
Evermax Development Limited		100	Property development and investment	2
Excel Elite Assets Limited	1	100	Property investment	US\$1
Excellent Chance Limited	1	100	Property investment	US\$1
First Gain Assets Limited	1	100	Property investment	US\$1
Firstmax Limited		100	Property investment	2
Fit Sharp Limited	1	100	Property investment	US\$1
Forever Glory Investments Limited	1	100	Property investment	US\$1
Fortin International Limited	1	100	Property development and investment	US\$1
Fortune Honor Limited		100	Property investment	2
Fortune Wind Investments Limited	1	100	Property development	US\$1
Fortune Yield Investment Limited		100	Property investment	2
佛山市新普房地產開發有限公司	5c	100	Property development and investment	US\$34,000,000*
佛山市新升房地產開發有限公司	5c	80	Property development	US\$70,000,000*
佛山市新鋒房地產開發有限公司	5c	80	Property development	US\$95,000,000*
佛山市新晉房地產開發有限公司	5c	80	Property development	US\$70,000,000*
東莞創紀房地產開發有限公司	5a	100	Property development	US\$60,000,000*
Full Market Limited		100	Property investment	2
Gainhouse Estates Limited	1	100	Property development	US\$1
Garudia Limited		100	Property investment	2
General Winner Limited		100	Property development	1
Golden Square Properties Enterprises Limited	1	100	Property investment	2
Goodwick Limited		100	Property investment	(Note 11) 999,998
廣州九龍湖房地產開發有限公司	5c	60	Property development	604,965,400*

Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Nominal Value of Issued Ordinary Share Capital/ Registered Capital* (HK\$)
廣州市滙信房地產開發有限公司	5a	95	Property development	RMB82,000,000*
廣州市佳俊房地產開發有限公司	5c	100	Property development	RMB97,200,000*
Harbour Vantage Limited		100	Property development	2
Headmaster Assets Limited	1	100	Property investment	US\$1
Hero Town Limited	1	100	Property investment	US\$86,500,001
Herowell Limited		100	Property investment	1
Hoi Kong Container Services Company Limited		100	Mid stream operator	40,000,000
Honenberg Limited		100	Property investment	2
Hong Kong Business Aviation Centre Limited		35	Business Aviation Centre	1,000,000
華祥房地產(南京)有限公司	5c	100	Property investment	RMB721,914,400*
Hung Kai Finance Investment Holding Limited		100	Property investment	200
Jayan Company Limited		100	Property investment and investment holding	2
Jugada Company Limited		100	Property investment	2
Kamchatka Company Limited		100	Property investment	200
Kamsford Hong Kong Limited		100	Property investment	16,500,000
Kartasun Limited		100	Property investment	2
Kimrose Investments Ltd.	1	100	Property investment	US\$1
King Skill Limited		100	Property development	2
King Wealth Development Limited		100	Property development	2
Koon Yee Company Limited		100	Property development	3
Laboster Company Limited	6	100	Property investment	2
Lansmart Limited		100	Property development	2
Lee Bit Kai Investment Company Limited	6	100	Property investment	1,000
Leverson Limited	1, 6	100	Property investment and hotel management	US\$1
Long Tesak Company Limited		100	Property investment	100,000
Lonsale Company Limited		100	Property investment	2
Lorient Holdings Ltd.	1	100	Property investment	US\$1
Lunalite Company Limited		100	Property investment	2
Manceton Limited		100	Property investment	2
Mighty Choice Assets Limited	1	100	Property investment	US\$1
Mindano Limited		100	Property investment	10,000
Mington Ltd	1	100	Property development	US\$1
Moscova Company Limited	6	100	Property investment	200
Nixon Cleaning Company Limited		100	Cleaning service	100,000
Obvio Yip Company Limited	6	100	Property development and investment	15,000,000,000
Open Step Limited		60	Property investment	10
Pacotilla Company Limited		100	Property investment	200
Partner Sino Assets Limited	1	100	Property investment	US\$1
Pawling Limited	1	100	Property investment	US\$1
Pioneer Dragon Limited		100	Property development	2
Profit Richness Ltd.	1	100	Property investment	US\$1
Protasan Limited		100	Property investment	100
Rinnovare Limited	1	100	Property investment	US\$1

Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Nominal Value of Issued Ordinary Share Capital/ Registered Capital* (HK\$)
Route 3 (CPS) Company Limited		70	Toll road operation	10,000
SHKP e-home Limited		100	Property development	2
Shanghai Central Plaza Property Co., Ltd.	5a	80	Property investment	US\$42,000,000*
Shanghai Maxdo International Hotel Ltd.	5c	78.92	Property investment	US\$90,000,000*
Shanghai Maxdo International Tower Ltd.	5c	78.92	Property investment	US\$290,500,000*
Shanghai Xin Zhong Hui Property Co., Ltd.	5c	100	Property investment	US\$35,000,000*
Sun Hung Kai Development (Zhang Yang) Ltd.	5c	100	Property development and investment	US\$165,000,000*
Shubbery Company Limited		100	Property investment	200
Shunyue Investments Limited	1	100	Property investment	US\$1
Smart Globe Limited		100	Property development	1
Smartland Enterprises Limited		100	Property investment	2
Solar Kingdom Limited		100	Property investment	2
Speed Wise Limited	6	100	Property investment	2
Speedway Assets Limited	1	100	Property investment	US\$1
Standard Top Limited		100	Property investment	2
Standtex Limited		100	Property development	1
Startrack Company Limited		100	Property investment	200
Sun Carol Company Limited		100	Property investment	200
Sun Hung Kai Development (China) Limited		100	Investment holding	20,000,000
Sun Hung Kai Development (Lujiazui I) Ltd.	5c	100	Property investment	US\$214,482,000*
Sun Hung Kai Development (Lujiazui II) Ltd.	5c	100	Property investment	US\$65,345,000*
新地投資(廣州)有限公司	5c	100	Investment holding	US\$90,000,000*
Sun Hung Kai Secretarial Services Limited	6	100	Secretarial services	200
Sun Yuen Long Centre Management Company Limited		100	Property investment and management	(Note 12) 25,000 (Note 13) 25,000
Sunfez Company Limited		100	Property investment	200
Suniland Limited		100	Property development	2
Sunrit Enterprises Limited		100	Property investment	4,000,000
Tainam Holdings Limited	1	100	Property investment	US\$1
Ten Choice Development Limited		100	Property investment	2
Tenuta Limited	1	100	Property investment	US\$1
Tipro Development Limited		100	Property investment	1,000,000
Tonthai Investment Enterprises Limited	1	100	Property investment	US\$1
Town Descant Company Limited		100	Property investment	200
Transport Infrastructure Management Limited		100	Road management	70,000,000
Treasure On Development Limited		100	Property development and investment	2
Tsi Mai Company Limited		100	Property investment	200
Tsuen Kwong Limited		100	Property development	2
Uniland Investment Enterprises Limited	1	100	Property investment	US\$1
United Way Investments Limited	4, 6	100	Owner of trade mark	US\$1 (Note 11) US\$83,400
Upper Hill Company Limited	1	100	Property investment	US\$1
Vast Earn Property Corp.	1	100	Property investment	US\$2
Wai Hung Development Company Limited	6	100	Investment holding and property investment	70,000

Principal Subsidiaries

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Nominal Value of Issued Ordinary Share Capital/ Registered Capital* (HK\$)
Warrior Company Limited		100	Property investment	300
Well Logic Properties Investment Limited	1	100	Property investment	US\$1
Wellden Limited		100	Property investment	2
Wilson Parking (Holdings) Limited		100	Investment holding and carpark operation	1,000
Winner Land Enterprises Limited		100	Property investment	2
Wonder Charm Assets Limited	1	100	Property investment	US\$1
WTC (Club) Limited		100	Club management	200
YATA Limited		100	Department store operation	30,000,000
Zarabanda Company Limited		100	Property investment	2
Zhongshan SHKP Taoyuan Real Estate Development Co. Ltd.	5a	75	Property development	40,000,000*

- Notes: 1. Incorporated in the British Virgin Islands and operating in Hong Kong.
2. Incorporated in the Cayman Islands and operating in Hong Kong.
3. Incorporated in Bermuda and operating in Hong Kong.
4. Incorporated in the British Virgin Islands.
5. Incorporated and operating in the People's Republic of China:
a. Co-operative joint venture enterprise
b. Equity joint venture enterprise
c. Wholly foreign owned enterprise
6. Directly held by the Company.
7. 11.89% directly and 88.11% indirectly held by the Company.
8. 50% directly and 50% indirectly held by the Company.
9. 99.9998% directly and 0.0002% indirectly held by the Company.
10. 5% non-voting deferred share.
11. Redeemable share.
12. "A" share.
13. "B" share.

Principal Jointly Controlled Entities

The directors are of the opinion that a complete list of the particulars of all jointly controlled entities will be of excessive length and therefore the following list contains only the particulars of jointly controlled entities as at 30 June 2010 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal jointly controlled entities were incorporated and are operating in Hong Kong and unlisted.

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share/ Registered capital*
⁺ Altomatic Limited		50	Property investment	Ordinary
Brilliant Palace Limited	4	40	Investment holding	Ordinary
^{#+} Cheerjoy Development Limited		35	Property development	Ordinary
[#] Dragon Beauty International Limited		50	Property development	Ordinary
First Star Development Limited		50	Property development	Ordinary
⁺ Glorious Concrete (H.K.) Limited		50	Manufacturers of ready mixed concrete	Ordinary
^{#+} Green Valley Landfill, Limited		20	Landfill waste disposal facility	Ordinary
⁺ 廣州市富景房地產開發有限公司	3	33.3	Property development	HK\$1,993,000,000*
IFC Development Limited	1	50	Property investment	Ordinary
Jade Land Resources Limited		25	Property development and investment	Ordinary
Karnold Way Limited		57.52	Finance	Ordinary
[#] Kerry Hung Kai Warehouse (Cheung Sha Wan) Limited		50	Godown operation	Ordinary
⁺ Newfoundworld Investment Holdings Limited	1	20	Investment holding	Ordinary
^{#+} Orchard Turn Holdings Pte. Ltd.	2	50	Investment holding	Ordinary
⁺ Ranny Limited		50	Property investment	Ordinary
^{#+} River Trade Terminal Co. Ltd.	1	50	River trade terminal	Ordinary
[#] Senica International Limited	4	22.5	Investment holding	Ordinary

Principal Jointly Controlled Entities

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share/ Registered capital*
#+ South China Transfer Limited		20	Solid waste management and environmental services	Ordinary
Special Concept Development Limited		25	Property development and investment	Ordinary
+ Splendid Shing Limited		50	Property investment	Ordinary
+ Star Play Development Limited		33.3	Property investment	Ordinary
Tartar Investments Limited	4	40	Investment holding	Ordinary
Teamfield Property Limited		57.52	Property investment	Ordinary
+ Tinyau Company Limited		50	Property investment	Ordinary
+ Topcycle Development Limited		50	Property development	Ordinary
Wuxi International Investment Limited (Formerly known as Wellview Investment Limited)	4	40	Investment holding	Ordinary
# Wolver Hollow Company Limited		50	Property investment	Ordinary
+ Xipho Development Company Limited		33.3	Property development	Ordinary

+ The financial statements of these companies have been audited by firms other than Deloitte Touche Tohmatsu.

Companies with year ends not co-terminous with that of Sun Hung Kai Properties Limited.

- Notes:
1. Incorporated in the British Virgin Islands and operating in Hong Kong.
 2. Incorporated and operating in the Republic of Singapore.
 3. Incorporated and operating in the People's Republic of China as equity joint venture enterprise.
 4. Incorporated in the British Virgin Islands.

Principal Associates

The directors are of the opinion that a complete list of the particulars of all associates will be of excessive length and therefore the following list contains only the particulars of associates as at 30 June 2010 which principally affect the results or assets of the Group.

Unless otherwise stated, the following principal associates were incorporated and are operating in Hong Kong and unlisted.

Name	Note	Total Attributable Equity Interest Held by the Company (%)	Activities	Class of Share
^{#+} Transport International Holdings Limited (Listed in Hong Kong)	1	33.28	Public transportation	Ordinary
^{#+} Ranex Investments Limited		29	Property development and investment	Ordinary
^{#+} The Hong Kong School of Motoring Limited		30	Driving School	Ordinary
^{#+} Onluck Finance Limited		35.44	Finance	Ordinary
^{#+} Treasure Peninsula Limited		29	Finance	Ordinary

⁺ *The financial statements of these companies have been audited by firms other than Deloitte Touche Tohmatsu.*

[#] *Companies with year ends not co-terminous with that of Sun Hung Kai Properties Limited.*

Note: 1. *Incorporated in Bermuda and operating in Hong Kong.*