

Swire Properties Limited 太古地產有限公司

(incorporated in Hong Kong with limited liability)

Stock Code: 962



Global Offering

Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Joint Sponsors (in alphabetical order)

**Goldman
Sachs**

HSBC 

Morgan Stanley

Joint Lead Managers (in alphabetical order)

CLSA
ASIA-PACIFIC MARKETS

J.P.Morgan

Financial Adviser to the Company and Swire Pacific: **Asia Pacific Advisers Limited**

IMPORTANT

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



SWIRE PROPERTIES

SWIRE PROPERTIES LIMITED

太古地產有限公司

(incorporated in Hong Kong with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	910,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	45,500,000 Shares (subject to adjustment)
Number of International Offer Shares	:	864,500,000 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	:	HK\$22.90 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	HK\$1.00 per Share
Stock code	:	962

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(in alphabetical order)

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Financial Adviser to the Company and Swire Pacific: Asia Pacific Advisers Limited

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies" in Appendix X "Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 38D of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and the Company on or about Friday, 7th May 2010 and, in any event, not later than Thursday, 13th May 2010. The Offer Price will be not more than HK\$22.90 per Offer Share and is currently expected to be not less than HK\$20.75 per Offer Share, unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK\$22.90 per Offer Share, together with brokerage of 1.0%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK\$22.90 per Offer Share.

The Joint Global Coordinators (on behalf of the Underwriters), with the consent of the Company, may reduce the indicative Offer Price range stated in this prospectus and/or reduce the number of Offer Shares being offered pursuant to the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction of the indicative Offer Price range and/or the number of Offer Shares will be published in the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus. If, for any reason, the Offer Price is not agreed between the Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before Thursday, 13th May 2010 (Hong Kong time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in accordance with Regulation S.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See the section headed "Underwriting — Underwriting Arrangements and Expenses — The Hong Kong Public Offering — Grounds for Termination" in this prospectus.

3rd May 2010

EXPECTED TIMETABLE⁽¹⁾

Latest time for lodging **PINK** Application Forms 12:00 noon on Wednesday, 5th May 2010

Latest time for completing electronic applications under
White Form eIPO service through the designated
website www.eipo.com.hk⁽²⁾ 11:30 a.m. on Thursday, 6th May 2010

Application lists open⁽³⁾ 11:45 a.m. on Thursday, 6th May 2010

Latest time for lodging **WHITE** and **YELLOW**
Application Forms 12:00 noon on Thursday, 6th May 2010

Latest time for completing payment of **WHITE FORM**
eIPO applications by effecting internet banking
transfer(s) or PPS payment transfer(s) 12:00 noon on Thursday, 6th May 2010

Latest time for giving **electronic application instructions**
to HKSCC⁽⁴⁾ 12:00 noon on Thursday, 6th May 2010

Application lists close⁽²⁾ 12:00 noon on Thursday, 6th May 2010

Expected Price Determination Date⁽⁵⁾ Friday, 7th May 2010

(1) Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) on or before Thursday, 13th May 2010

(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for the Hong Kong Offer Shares — Publication of Results" in this prospectus Thursday, 13th May 2010

(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at www.hkexnews.hk⁽⁶⁾ and the Company's website at www.swireproperties.com⁽⁷⁾ from Thursday, 13th May 2010

EXPECTED TIMETABLE⁽¹⁾

Results of allocations in the Hong Kong Public Offering will be available at www.iporesults.com.hk with a “search by ID” function from Thursday, 13th May 2010

Despatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering and to Qualifying Swire Pacific Shareholders who are entitled to receive Shares under the Swire Pacific Distribution on or before⁽⁸⁾⁽⁹⁾ Thursday, 13th May 2010

Despatch of refund cheques and e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before⁽⁹⁾⁽¹⁰⁾ Thursday, 13th May 2010

Dealings in the Shares on the Stock Exchange expected to commence on Friday, 14th May 2010

Payment to Overseas Swire Pacific Shareholders of the net proceeds of the sale of the Shares which they would otherwise receive pursuant to the Swire Pacific Distribution on or before⁽¹¹⁾ Monday, 24th May 2010

Notes:

- (1) All dates and times refer to Hong Kong dates and times, unless otherwise stated.
- (2) You will not be permitted to submit your application to the White Form eIPO Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 6th May 2010, the application lists will not open and close on that day. Please refer to the section headed “How to Apply for the Hong Kong Offer Shares — When May Applications Be Made — Effect of Bad Weather on the Opening of the Application Lists” in this prospectus. If the application lists do not open and close on Thursday, 6th May 2010, the dates mentioned above may be affected. The Company will make a press announcement in such event.
- (4) Applicants who apply for the Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed “How to Apply for the Hong Kong Offer Shares — Applying By Giving Electronic Application Instructions to HKSCC” in this prospectus.
- (5) The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Friday, 7th May 2010 and, in any event, not later than Thursday, 13th May 2010. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and the Company on or before Thursday, 13th May 2010, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.
- (6) The announcement will be available for viewing on the “Main Board — Results of Allotment” page on the Stock Exchange’s website at www.hkexnews.hk.

EXPECTED TIMETABLE⁽¹⁾

- (7) Neither the Company's website nor any of the information contained on the Company's website forms part of this prospectus.
- (8) Share certificates for the Hong Kong Offer Shares and the Shares to be distributed pursuant to the Swire Pacific Distribution are expected to be issued on Thursday, 13th May 2010 but will only become valid if the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date, which is expected to be Friday, 14th May 2010. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates do so entirely at their own risk. If the Global Offering does not become unconditional or the Underwriting Agreements are terminated in accordance with their terms, the Global Offering will not proceed and the Swire Pacific Distribution will not be made. In such a case, the Company will make an announcement as soon as possible thereafter.
- (9) Applicants who apply on **WHITE** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have indicated in their **WHITE** Application Forms that they wish to collect any refund cheques and Share certificates (where applicable) in person from the Hong Kong Share Registrar, may do so from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong between 9:00 a.m. to 1:00 p.m. on Thursday, 13th May 2010. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation's chop. Both individuals and representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to Computershare Hong Kong Investor Services Limited.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have indicated in their Application Forms that they wish to collect refund cheques in person may collect their refund cheques (if any) in person but may not elect to collect their Share certificates, which will be deposited into CCASS for the credit of their designated CCASS Participant stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for the Hong Kong Offer Shares — Applying By Giving Electronic Application Instructions to HKSCC" in this prospectus.

Applicants who apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated White Form eIPO Service Provider through the designated website at www.eipo.com.hk and whose applications are wholly or partially successful, may collect their Share certificates in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 13th May 2010.

For applicants who apply for less than 1,000,000 Hong Kong Offer Shares, Share certificates will be sent to the address specified in their application instructions to the designated White Form eIPO Service Provider through the designated website at www.eipo.com.hk on Thursday, 13th May 2010 by ordinary post and at their own risk.

Applicants who paid the application monies from a single bank account may have e-Refund payment instructions (if any) despatched to the application payment bank account on Thursday, 13th May 2010. Applicants who used multi-bank accounts to pay the application monies may have refund cheques (if any) despatched to them on Thursday, 13th May 2010.

Uncollected Share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms promptly thereafter. Further information is set out in the section headed "How to Apply for the Hong Kong Offer Shares — Despatch/Collection of Share Certificates/e-Refund Payment Instructions/Refund Cheques" in this prospectus.

- (10) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications in the event the final Offer Price is less than the price payable per Offer Share on application.

EXPECTED TIMETABLE⁽¹⁾

- (11) Overseas Swire Pacific Shareholders will be entitled to the Swire Pacific Distribution but will not receive the Shares. Instead, the Shares which they would otherwise receive pursuant to the Swire Pacific Distribution will be sold by Swire Pacific on their behalf as soon as reasonably practicable after commencement of dealings in the Shares on the Stock Exchange and they will receive a cash amount equal to the net proceeds of such sale. Further information is set out in the section headed “Structure of the Global Offering — The Swire Pacific Distribution” in this prospectus.

For details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares, you should read the sections headed “Structure of the Global Offering” and “How to Apply for the Hong Kong Offer Shares” in this prospectus.

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IMPORTANT NOTICE TO INVESTORS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering.

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SUMMARY

This summary is intended to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read the prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

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

For a breakdown of our gross rental income by business segment, see the section headed “Financial Information — Certain income statement items — Turnover” in this prospectus. For a breakdown by project of the GFA and valuation of our properties, see the sections headed “Business — Completed investment property portfolio”, “Business — Investment properties under development or held for future development” and “Business — Property trading” in this prospectus.

COMPETITIVE STRENGTHS

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

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

KEY BUSINESS STRATEGIES

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

- we will seek to continue to create value through transformational projects;

SUMMARY

- we will seek to maximise the earnings potential of our completed properties through active asset management, high quality tenant service and asset improvements;
- we will remain focused principally on Hong Kong and the PRC; and
- we will manage our capital base conservatively.

THE GLOBAL OFFERING

The Global Offering comprises:

- (i) the Hong Kong Public Offering of 45,500,000 Shares (subject to adjustment) for subscription by the public in Hong Kong; and
- (ii) the International Offering of an aggregate of 864,500,000 Shares (subject to adjustment and the Over-allotment Option) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, and in the United States only to QIBs in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act.

Employee Preferential Offering

Of the 45,500,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering, 3,500,000 Hong Kong Offer Shares, representing approximately 7.7% of the total number of Shares initially available under the Hong Kong Public Offering and approximately 0.4% of the Offer Shares (excluding any Shares which are the subject of the Over-allotment Option), are available for subscription by Eligible Employees on a preferential basis. Directors of members of the Group and their respective Affiliates may also apply for Hong Kong Offer Shares under the Employee Preferential Offering if they are Eligible Employees. However, they may not apply for Hong Kong Offer Shares as members of the public in the Hong Kong Public Offering. All other Eligible Employees may apply for Hong Kong Offer Shares in the Hong Kong Public Offering and the Employee Preferential Offering. For further details, please refer to the section headed “How to Apply for the Hong Kong Offer Shares” in this prospectus.

A condition will be set out in the **PINK** Application Forms for the Employee Preferential Offering that applications received from Eligible Employees who are directors of members of the Group or their respective Affiliates may be reduced by the Company before allocation of Hong Kong Offer Shares to them and other applicants in the Employee Preferential Offering. This is intended to ensure that the number of Shares held by the public upon completion of the Global Offering would not be below the prescribed minimum required by the Stock Exchange. The reduction is intended to be on a pro rata basis (subject to rounding to the nearest whole number of board lots). Such reduction (if any) will be performed by the Company with the assistance of the Joint Global Coordinators.

Allocation of Hong Kong Offer Shares under the Employee Preferential Offering will be based on the written guidelines distributed to the Eligible Employees which are consistent with the allocation guidelines contained in Practice Note 20 of the Listing Rules. The allocation of Hong Kong Offer Shares will not be based on the seniority or the length of service of the Eligible Employees. The allocation basis will be determined by the Hong Kong Share Registrar based on the level of valid applications received under the Employee Preferential Offering and the number of Shares applied for

SUMMARY

within each application tier. The allocation basis will be consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications. Applications on **PINK** Application Forms for more than 109,000 Hong Kong Offer Shares will be rejected. Any Shares not subscribed by Eligible Employees under the Employee Preferential Offering will be available for subscription by the public under the Hong Kong Public Offering.

Any Director who (or any of whose associates who are Eligible Employees) intends to apply for Offer Shares under the Employee Preferential Offering will not participate in any decision of the Company in relation to the allocation basis for the Employee Preferential Offering.

Further details of the Global Offering are set out in the section headed “Structure of the Global Offering” in this prospectus.

We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with Rule 10.03 of the Listing Rules in relation to the participation in the Employee Preferential Offering by Directors and their associates who are Eligible Employees.

Further details of the waiver application are set out in the section headed “Waiver from Compliance with the Listing Rules and Exemption from the Companies Ordinance — Employee Preferential Offering” in this prospectus.

SUMMARY

SUMMARY FINANCIAL INFORMATION

The following is a summary of the consolidated financial information of the Group as at and for the years ended 31st December 2007, 2008 and 2009, extracted from the Accountant's Report set out in Appendix I to this prospectus:

Summary of the Financial Position	As at 31st December		
	2007	2008	2009
	(in millions of HK\$)		
Non-current assets			
Investment properties.....	127,497	134,069	154,098
Others.....	15,246	17,335	14,263
Total non-current assets	<u>142,743</u>	<u>151,404</u>	<u>168,361</u>
Current assets	<u>4,028</u>	<u>3,883</u>	<u>5,378</u>
Total assets	<u>146,771</u>	<u>155,287</u>	<u>173,739</u>
Current liabilities	35,259	39,438	37,501
Non-current liabilities.....	17,581	19,805	23,173
Total liabilities	<u>52,840</u>	<u>59,243</u>	<u>60,674</u>
Net current liabilities	(31,231)	(35,555)	(32,123)
Total equity	93,931	96,044	113,065

SUMMARY

Consolidated Income Statements	For the year ended 31st December		
	2007	2008	2009
	(HK\$ in millions)		
Turnover.....	5,819	7,057	8,192
Cost of sales.....	(1,262)	(1,478)	(2,080)
Gross profit.....	4,557	5,579	6,112
Administrative expenses	(498)	(646)	(707)
Other operating expenses.....	(80)	(101)	(108)
Other net gains.....	64	28	136
Change in fair value of investment properties.....	19,420	358	14,407
Impairment losses on hotel properties.....	—	—	(267)
Operating profit.....	23,463	5,218	19,573
Finance charges.....	(711)	(1,179)	(1,247)
Finance income.....	8	58	140
Net finance charges.....	(703)	(1,121)	(1,107)
Share of profits less losses of jointly controlled companies.....	102	38	31
Share of profits less losses of associated companies.....	203	140	164
Profit before taxation.....	23,065	4,275	18,661
Taxation.....	(3,830)	180	(3,177)
Profit for the year.....	<u>19,235</u>	<u>4,455</u>	<u>15,484</u>
Profit for the year attributable to:			
The Company's Shareholder.....	19,236	4,221	15,389
Minority interests.....	(1)	234	95
	<u>19,235</u>	<u>4,455</u>	<u>15,484</u>
Earnings per Share for profit attributable to the Shareholder (basic and diluted).....	<u>HK\$31.43</u>	<u>HK\$6.90</u>	<u>HK\$24.70</u>
	For the year ended 31st December		
	2007	2008	2009
	(HK\$ in millions)		
Dividends			
Interim - paid.....	—	1,032	—
Final - paid.....	1,652	1,752	—
	<u>1,652</u>	<u>2,784</u>	<u>—</u>

SUMMARY

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma data relating to our net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on our net tangible assets as at 31st December 2009 as if the Global Offering had taken place on 31st December 2009.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the Shareholder as at 31st December 2009 or the Shareholder(s) at any subsequent dates, including following the Global Offering.

	Unadjusted audited consolidated net tangible assets of the Group attributable to the Shareholder as at 31st December 2009⁽¹⁾	Estimated net proceeds from the Global Offering⁽²⁾	Unaudited pro forma adjusted net tangible assets of the Group attributable to the Shareholders	Unaudited pro forma adjusted net tangible assets per Share⁽³⁾
	HK\$ (in millions)	HK\$ (in millions)	HK\$ (in millions)	HK\$
Based on an Offer Price of HK\$20.75 per Offer Share	111,960	18,341	130,301	19.74
Based on an Offer Price of HK\$22.90 per Offer Share	111,960	20,254	132,214	20.03

Notes:

- (1) The audited consolidated net tangible assets attributable to the Shareholder as at 31st December 2009 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the Shareholder of HK\$112,644 million with an adjustment for the intangible assets of HK\$684 million.
- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK\$20.75 per Offer Share and HK\$22.90 per Offer Share after deduction of the underwriting fees and commissions and other related expenses payable by the Company. We may pay the Joint Global Coordinators an additional incentive fee of up to 0.25% of the Offer Price of all the Offer Shares (excluding the Offer Shares purchased by a certain cornerstone investor and the Shares sold pursuant to the exercise of the Over-allotment Option). If we decide to pay such additional incentive fee, the net proceeds from the Global Offering and the unaudited pro forma adjusted net tangible assets per Shares will decrease.
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in Note (2) above and on the basis that 6,600,000,000 Shares were in issue assuming that the Global Offering had been completed on 31st December 2009.
- (4) As at 31st March 2010, the Group's property and leasehold land and land use rights (other than Amalgamation Properties) were valued by DTZ and Christie + Co, independent property valuers, and the relevant property valuation reports are set out in Appendix IV "Property Valuation" to this prospectus. Amalgamation Properties were valued internally by qualified surveyors. The net revaluation surplus in respect of the land and buildings held for own use (including hotel properties), representing the excess of market value of the respective property and leasehold land and land use rights over their book value, is approximately HK\$4,096 million. Such revaluation surplus has not been included in the Group's consolidated financial information as at 31st December 2009 and will not be included in the Group's financial statements for the year ending 31st December 2010. The above adjustment does not take into account the above revaluation surplus. Had the property and leasehold land and land use rights in respect of the land and buildings held for own use (including hotel properties) been stated at such valuation, additional depreciation of HK\$58 million per annum would be charged against the consolidated income statement for the year ending 31st December 2010.
- (5) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 31st December 2009.

SUMMARY

PROFIT FORECAST FOR THE YEAR ENDING 31ST DECEMBER 2010

On the bases and assumptions set out in Appendix III “Profit Forecast” to this prospectus and, in the absence of unforeseen circumstances, certain profit forecast data of the Group for the year ending 31st December 2010 are set out below:

Forecast profit attributable to the Shareholders Not less than HK\$7,143 million

Less: Adjustments in arriving at underlying profit
attributable to the Shareholders HK\$2,917 million

Forecast underlying profit attributable to the Shareholders Not less than HK\$4,226 million

Unaudited pro forma forecast earnings per Share

Pro forma basis

- Forecast profit attributable
to the Shareholders Not less than HK\$1.08 per Share

- Forecast underlying
profit attributable to the Shareholders Not less than HK\$0.64 per Share

Notes:

- (1) The bases and assumptions on which the above profit forecasts have been prepared are summarised in Appendix III “Profit Forecast” to this prospectus. The Directors have arrived at the forecast profit attributable to the Shareholders for the year ending 31st December 2010 based on the unaudited consolidated results derived from the management accounts of the Group for the two months ended 28th February 2010 and a forecast of the consolidated results of the Group for the remaining ten months ending 31st December 2010. The forecast profit attributable to the Shareholders has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Note 2 of Section II of the Accountant’s Report, the text of which is set out in Appendix I to this prospectus, with the additional policy of merger accounting being applied in relation to the acquisition of all the shares of Swire Properties US Inc. and Swire Properties One Inc. and all the outstanding related loan notes of Swire Properties US Inc. on 25th January 2010 (in relation to which further information is set out in the section headed “Financial Information — Recent Developments — Acquisition of U.S. Properties” in this prospectus).
- (2) Gross rental income represents a large component of our turnover. Accordingly, in arriving at our forecast profit attributable to the Shareholders for the year ending 31st December 2010, we have calculated the forecast gross rental income based on the sum of the contracted base rents payable plus an estimate of turnover rent under tenancy agreements as at 31st January 2010 and the Company’s estimates of base rental income plus turnover rent achievable upon expiry of such tenancy agreements as a result of renewals or new lettings.

SUMMARY

The table below shows the composition of forecast retail and office base rental income by contracted rents payable and the Company's projections of base rent on lease renewals or new lettings (which should not be viewed as individual forecasts but as forming part of the bases and assumptions used in arriving at the profit forecasts). For the avoidance of doubt, the table below does not include forecast turnover rent as such rent is not committed.

	Percentage of committed base rents for the 12 months ending 31 December 2010
HK Retail	
Existing lease commitments.....	91.6%
Projected renewals or new lettings	<u>8.4%</u>
Total	<u>100.0%</u>
HK Office	
Existing lease commitments.....	89.2%
Projected renewals or new lettings	<u>10.8%</u>
Total	<u>100.0%</u>
PRC Retail	
Existing lease commitments.....	87.8%
Projected renewals or new lettings	<u>12.2%</u>
Total	<u>100.0%</u>

As the table indicates, the majority of our forecast retail and office base rental income is derived from existing lease commitments. Accordingly, we do not consider any sensitivity analysis in respect of lower market rents to be necessary given the modest impact we believe it is reasonable to anticipate they might have on our projections of base rental income.

- (3) The adjustments made in arriving at underlying profit attributable to the Shareholders are made to reconcile (1) the forecast profit attributable to the Shareholders with (2) the forecast underlying profit attributable to the Shareholders, in each case for the year ending 31st December 2010. The adjustments made (which principally adjust for the impact of HKAS 40 and HKAS-Int 21 on investment properties and deferred taxation respectively, together with a further adjustment to remove the movement in the fair value of the liability in respect of a put option in favour of our minority partner in Sanlitun Village), which should not be viewed as individual forecasts but as forming part of the bases and assumptions used in arriving at the profit forecasts, are as follows:
- (a) a reduction to forecast profit attributable to the Shareholders for the forecast fair value gains on investment properties (net of deferred tax and share of minority interests) of HK\$3,198 million, including our share of fair value gains on investment properties of our jointly controlled companies and associated companies (net of deferred tax).
 - (i) The fair value gains on our properties in Hong Kong are expected to be significantly smaller than in 2009. This reflects our expectations that growth in market rents in Hong Kong is likely to be limited and that the reduction in capitalisation rates experienced in 2009 is not likely to be repeated.
 - (ii) In the PRC, our investment properties under development were revalued from their carrying amounts (which were based on cost) to fair value in 2009. As a result the forecast fair value gains on these properties in 2010 are expected to be lower than in 2009. Despite this, the fair values of our properties in the PRC are expected to increase at a faster rate than in Hong Kong. This primarily reflects forecast growth in market rents in Beijing, Shanghai and Guangzhou and, to a lesser extent, increased certainty as to prospective income (in the case of TaiKoo Hui as its expected completion date gets closer and pre-leasing takes place), recent transactions of comparable properties in Shanghai (in the case of Dazhongli) and further progress in construction and thus a lower development risk as completion of the project gets nearer in time (in the case of INDIGO).

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- (iii) The fair value gains on our investment properties (net of deferred tax and share of minority interests), including our share of fair value gains on investment properties of our jointly controlled companies and associated companies (net of deferred tax), for the three months ended 31st March 2010 represent more than 65% of the forecast fair value gains on our investment properties (net of deferred tax and share of minority interests), including the Company's share of fair value gains on investment properties of our jointly controlled companies and associated companies (net of deferred tax), for the year ending 31st December 2010.
- (iv) The table below shows a breakdown of the forecast fair value gains on our investment properties (net of deferred tax and share of minority interests), including our share of fair value gains on investment properties of our jointly controlled companies and associated companies (net of deferred tax).

	<u>Hong Kong</u>	<u>PRC</u>	<u>Total</u>
	<u>2010</u>	<u>2010</u>	<u>2010</u>
	<u>HK\$</u>	<u>HK\$</u>	<u>HK\$</u>
	<u>(in millions)</u>	<u>(in millions)</u>	<u>(in millions)</u>
Offices and Techno Centres	994	—	994
Retail	149	440	589
Residential	228	—	228
Properties under development	<u>(133)</u>	<u>1,404</u>	<u>1,271</u>
Total	1,238	1,844	3,082
Less: owner-occupied space			<u>(101)</u>
Change in fair value of investment properties			2,981
Less: deferred tax			<u>(680)</u>
Change in fair value of investment properties (net of deferred tax)			2,301
Add: revaluation movements in jointly controlled companies and associated companies (net of deferred tax)			<u>930</u>
Less: minority interests' share of revaluation movements less deferred tax			<u>(33)</u>
Revaluation movement attributable to the Shareholders less deferred tax			3,198

- (b) an increase to forecast profit attributable to the Shareholders of HK\$225 million consisting of:
- (i) HK\$213 million in respect of fair value gains recognised up to 31st December 2009 on investment properties which the Company has agreed or intends to dispose of in 2010. These gains recognised in prior years are treated as being realised in 2010 for the purpose of calculating underlying profit as these gains would have been recognised in the income statement on disposal of the investment properties in 2010 had HKAS 40 not been applied; and
- (ii) HK\$12 million in respect of forecast depreciation in respect of properties occupied by the Group to adjust for the impact of HKAS 40; and
- (c) an increase of HK\$56 million in respect of removal of the effect of the forecast movement in the fair value of the liability in respect of a put option in favour of our minority partner in Sanlitun Village.

SUMMARY

- (4) Under HKFRS, the valuations of investment properties are reflected in our financial statements. Gains or losses arising from changes in the fair value of our investment properties are accounted for as fair value gains or losses on investment properties in our income statement.

The significant rise in fair value gains on completed investment properties in 2009 is not expected to be repeated in 2010. In addition, all investment properties under development were re-valued from their carrying amounts (which were based on cost) to fair value in 2009, thereby reducing their impact on fair value gains in 2010.

The fair value gains on investment properties have been estimated based on projected valuations at 31st December 2010 according to a basis of valuation which is, so far as practicable, consistent with the basis of valuation which has been adopted in valuing our properties for the purposes of our audited consolidated financial statements contained elsewhere in this prospectus and in the property valuation reports in Appendix IV. Accordingly, we have arrived at the projected valuation at 31st December 2010 of the Group's investment property portfolio by capitalising the rental income derived from existing tenancies with due provision for reversionary income potential. The projected valuation at 31st December 2010 of investment properties under construction is based on the expected market value of the property (on the assumption that it will have been completed on or (as the case may be) before 31st December 2010) adjusted for the estimated costs to complete the project. The projected valuations at 31st December 2010 have been prepared by us and reviewed (except in relation to Amalgamation Properties) by our independent property valuer, DTZ, and our property specific estimates of average rents and capitalisation rates in Hong Kong and the PRC for the purpose of our projected valuations at 31st December 2010 are generally agreed with by them. The trends in 2010 for the property specific average rents and capitalisation rates are generally in line with the trends for city-wide rentals and capital values for 2010 projected by our independent market consultant, DTZ, as set out in the market research report included in Appendix V to this prospectus. We expect the fair value of our investment properties as at 31st December 2010, and in turn any fair value gain or loss on our investment properties (and consequential effect on deferred tax) and the liability in respect of the put option which our minority partner has in respect of its interest in Sanlitun Village, to continue to be dependent on market conditions and other factors that are beyond our control, and to be based on valuations performed by qualified surveyors involving the use of assumptions that are, by their nature, subjective and uncertain, including those described in the section headed "Risk Factors — Risks relating to the Global Offering — The valuation attached to our property interests and our profit forecast contain assumptions that may or may not prove to be accurate" in this prospectus.

In relation to Sanlitun Village and for the purpose of preparing the forecast profits attributable to the Shareholders, we have estimated the value as at 31st December 2010 of the liability in respect of the put option which our minority partner has in respect of its interest in Sanlitun Village. For details of the put option, see the section headed "Business — Completed Investment Properties — the PRC — (i) Sanlitun Village, Beijing" in this prospectus. For such purpose, we have estimated the present value (as at 31st December 2010) of the redemption amount of such put option, by reference principally to the estimated fair value of the portions of Sanlitun Village in which our minority partner is interested, subject to certain agreed assumptions and adjusted to reflect the difference between the current assets and the liabilities of (and accrued tax in the ordinary course of business payable by) the holding company through which the interests of ourselves and our minority partner in those portions of Sanlitun Village are held.

The following table illustrates the sensitivity of the forecast profit attributable to the Shareholders to levels of fair value gains on investment properties (net of deferred tax and share of minority interests, including our share of fair value gains on investment properties of our jointly controlled entities and associated companies (net of deferred tax)) for the year ending 31st December 2010:

Changes in fair value gains on investment properties compared to our estimated fair value gains on such investment properties of HK\$3,198 million	-30%	-20%	-10%	10%	20%	30%
Impact on forecast profit attributable to the Shareholders (HK\$ millions) (having taken into account the amount of the liability in respect of the put option referred to above)...	-972	-648	-324	324	648	972

SUMMARY

This sensitivity illustration is intended for reference only, and any variation could exceed the ranges given. Investors should note in particular that (i) this sensitivity illustration is not intended to be exhaustive and is limited to the impact of changes in the level of fair value gains on investment properties and (ii) the profit forecast is subject to further and additional uncertainties generally. While we have considered for the purposes of the profit forecast what we believe are the best estimates of the fair value gains on our investment properties in 2010, and our property valuers are of the view that the assumptions upon which the forecast is based are reasonable, the fair value of our investment properties and/or any fair value gains or losses on investment properties as at the relevant time may differ materially from our estimates, and are dependent on market conditions and other factors that are beyond our control. See “Risk Factors — Risks relating to the Global Offering — The valuation attached to our property interests and our profit forecast contain assumptions that may or may not prove to be accurate”.

- (5) The unaudited pro forma forecast earnings per Share is calculated by reference to the forecast profit attributable to the Shareholders for the year ending 31st December 2010 or, as the case may be, the forecast underlying profit attributable to the Shareholders for the year ending 31st December 2010, assuming that 5,690,000,000 Shares in issue at the date of this prospectus and 910,000,000 Shares to be issued pursuant to the Global Offering had been in issue on 1st January 2010.

GLOBAL OFFERING STATISTICS

	Based on an Offer Price of HK\$20.75	Based on an Offer Price of HK\$22.90
Market capitalisation of the Shares (in millions) ⁽¹⁾	HK\$136,950	HK\$151,140
Unaudited pro forma adjusted net tangible assets per Share ⁽²⁾	HK\$19.74	HK\$20.03
Prospective price/earnings multiple ⁽³⁾	19.2 times	21.2 times
Prospective price/earnings multiple based on the underlying profits of the Group ⁽⁴⁾	32.4 times	35.8 times

Notes:

- (1) The calculation of the market capitalisation of the Shares is based on the assumption that 6,600,000,000 Shares will be in issue and outstanding immediately following the completion of the Global Offering.
- (2) The unaudited pro forma adjusted net tangible assets per Share has been arrived at after the adjustments referred to in Appendix II “Unaudited Pro Forma Financial Information” to this prospectus, and on the basis that 6,600,000,000 Shares will be in issue immediately following the completion of the Global Offering.
- (3) The calculation of prospective price/earnings multiple is based on the unaudited pro forma forecast earnings per Share calculated by reference to the forecast profit attributable to the Shareholders for the year ending 31st December 2010 at the assumed Offer Prices of HK\$20.75 and HK\$22.90 per Offer Share.
- (4) The calculation of the prospective price/earnings multiple based on the underlying profits of the Group is based on the unaudited pro forma forecast earnings per Share calculated by reference to the forecast underlying profit attributable to the Shareholders for the year ending 31st December 2010 at the assumed Offer Prices of HK\$20.75 and HK\$22.90 per Offer Share.

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USE OF PROCEEDS

We estimate the net proceeds of the Global Offering accruing to the Company (after deduction of underwriting fees and commissions (assuming the full payment of a discretionary incentive fee) and estimated expenses payable by the Company in relation to the Global Offering), to be approximately HK\$19,254 million assuming an Offer Price of HK\$21.83 (being the mid-point of the Offer Price range stated in this prospectus), approximately HK\$18,296 million assuming an Offer Price of HK\$20.75 (being the low end of the Offer Price range stated in this prospectus), or approximately HK\$20,204 million assuming an Offer Price of HK\$22.90 (being the high end of the Offer Price range stated in this prospectus).

We plan to use the net proceeds of the Global Offering accruing to the Company (assuming an Offer Price of HK\$21.83, being the mid-point of the Offer Price range stated in this prospectus) as follows:

- approximately 11%, which represents approximately HK\$2.1 billion, will be used to fund our investments in our existing property projects in Hong Kong, the U.K. and the PRC, including
 - approximately 2.8%, which represents approximately HK\$538 million, will be used to fund the Pacific Place contemporisation project;
 - approximately 0.7%, which represents approximately HK\$135 million, will be used to fund the development cost of 24-34 Hennessy Road;
 - approximately 2.5%, which represents approximately HK\$487 million, will be used to fund capital expenditure on our other completed investment properties, including the purchase of additional Amalgamation Properties;
 - approximately 2.5%, which represents approximately HK\$479 million, will be used to fund the development cost of our trading properties on Seymour Road in Hong Kong;
 - approximately 1.1%, which represents approximately HK\$220 million, will be used to fund the development cost of our other trading properties in Hong Kong; and
 - approximately 1.2%, which represents approximately HK\$230 million, will be used to fund additional capital expenditure on our Hong Kong, U.K. and PRC hotels;
- approximately 19%, which represents approximately HK\$3.8 billion, will be placed in short term deposits and/or money market instruments, which can be immediately drawn for our future property projects as and when we identify suitable investment opportunities;
- approximately 29%, which represents approximately HK\$5.5 billion, will be used for the repayment of our borrowings from Swire Finance under revolving loan facilities (which facilities are not intended to be cancelled upon such repayment). After such repayment, the Company will have in place approximately HK\$9.5 billion of committed revolving loan facilities, which can be immediately drawn for our future property projects as and when we identify suitable investment opportunities; and

SUMMARY

- approximately 41%, which represents approximately HK\$7.9 billion, will be used for the repayment of our borrowings from Swire Finance other than under revolving loan facilities.

If any of the net proceeds to the Company are not immediately used for any of the above purposes, they will be placed in short term deposits and/or money market instruments.

If the Offer Price is fixed at HK\$22.90, being the high end of the Offer Price range stated in this prospectus, net proceeds to the Company will be increased by approximately HK\$950 million. If the Offer Price is fixed at HK\$20.75, being the low end of the Offer Price range stated in this prospectus, net proceeds to the Company will instead be decreased by approximately HK\$958 million. The Directors currently intend that any such increase or decrease will be reflected by an increase or decrease in the amount placed in short term deposits and/or money market instruments and immediately available to be drawn for our future property projects.

We estimate the net proceeds to the Controlling Shareholders of the sale of Shares pursuant to any exercise of the Over-allotment Option to be approximately HK\$2,905 million (assuming the same mid-point of the Offer Price range stated in this prospectus and the exercise of the Over-allotment Option in full).

As the Over-allotment Option is granted by the Controlling Shareholders, and not the Company, the Company will not receive any proceeds from any exercise of the Over-allotment Option.

DIVIDEND POLICY

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

RISK FACTORS

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

Risks Relating to Our Business

- We are principally dependent on the performance of real estate markets in Hong Kong and the PRC.
- We are dependent on rental income from our investment property portfolio.
- Any economic slowdown may adversely affect our business and our ability to obtain necessary financing for our operations.

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- We may not be able to continue to attract and retain quality tenants.
- We may not have adequate capital resources to fund our land acquisitions and future property developments.
- Our profit level and margin are affected by our turnover mix and we may not be able to sustain our existing level of profit.
- We may not be able to complete or deliver our property development projects on time, on budget or at all.
- We may not always be able to obtain suitable land reserves at reasonable cost.
- We cannot assure you that third party contractors will always meet our quality standards and provide services in a timely manner.
- Increases in the cost of labour or construction materials may have an adverse impact on our results of operations.
- Fines may be imposed on us or our land may be confiscated if we fail to develop property according to the terms of land grant contracts.
- We may be adversely affected by material issues that affect our relationships or business ventures with our joint venture partners.
- We may directly bear demolition and resettlement costs associated with our property developments and such costs may increase and the relocation process may not be completed as planned.
- The appraised value of our properties may be different from the actual realisable value and is subject to change.
- Our results of operations for each of the years in the Track Record Period include revaluation adjustments which are unrealised and therefore the future fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may have a material negative impact on our profitability.
- Our profit and results of operations are subject to changes in interest rates.
- We may suffer losses arising from uninsured risks.
- A deterioration in the value of our brand or the loss of the right to use the Swire trademarks could have a negative impact on our business.
- Our hotel business may not be able to replicate our success in property development and management.
- Our success depends on the continued services of our senior management team.

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- The Controlling Shareholders have substantial control over the Company and their interests may not be aligned with the interests of the other Shareholders.
- We may be involved in disputes and legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result.
- We may face significant risks before realising any benefits from property development.
- We may not be able to generate adequate returns on our properties held for long-term investment purposes.
- We are subject to legal and business risks if we fail to obtain formal qualification certificates.
- Our business, results of operations, financial condition and prospects may be adversely affected if we fail to obtain, or if there are material delays in obtaining, requisite governmental approvals for our property developments.
- We are subject to certain conventional restrictive covenants and certain risks normally associated with debt financing which may limit or otherwise adversely affect our operations.
- Fluctuation in exchange rates may have a material adverse effect on your investment.
- Our indebtedness could have an adverse effect on our financial condition, diminish our ability to raise additional capital to fund our operations and limit our ability to explore business opportunities.
- Our future dividend payments and policy will be subject to the discretion of the Board.

Risks Relating to the Real Estate and Hotel Industries

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

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Risks Relating to the PRC and Hong Kong

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

Risks Relating to the Global Offering

- The valuation attached to our property interests and our profit forecast contain assumptions that may or may not prove to be accurate.
- The Offer Price may not be indicative of prices that will prevail in the trading market for the Shares and such market prices may be volatile.
- As the Offer Price range is higher than the net tangible book value per Share, you will experience an immediate dilution in the book value of the Shares you purchased in the Global Offering and may experience further dilution if the Company issues additional Shares in the future.
- Future sales of Shares by the Controlling Shareholders or the Company may decrease the value of your investment.
- There is no existing public market for the Shares and their liquidity and market price may be volatile.
- Forward-looking information may prove inaccurate.
- We cannot guarantee the accuracy of certain facts and statistics contained in this prospectus.
- We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

DEFINITIONS

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

“Affiliate”	in relation to a director of any member of the Group means: <ul style="list-style-type: none">(i) an associate (as defined in Rule 1.01 of the Listing Rules) of such director;(ii) any person whose acquisition of Shares has been financed directly or indirectly by such director or associate; or(iii) any person who is accustomed to take instructions from such director or associate in relation to the acquisition, disposal, voting or other disposition of Shares registered in that person’s name or otherwise held by that person
“Amalgamation Properties”	individual units in several sites in Hong Kong which are being assembled for amalgamation by the Group
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s), PINK Application Form(s) and GREEN Application Form(s) or, where the context so requires, any of them
“Articles” or “Articles of Association”	the articles of association of the Company (as amended from time to time), adopted by a special resolution of the Shareholders on 1st April 2010, a summary of which is set out in Appendix VIII “Summary of the Constitution of the Company” to this prospectus
“Board” or “Board of Directors”	the board of directors of the Company
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“CBRC”	China Banking Regulatory Commission
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant

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“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CLSA”	CLSA Limited
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company”	Swire Properties Limited (太古地產有限公司), a company incorporated in Hong Kong on 3rd November 1972
“Controlling Shareholders”	Swire Pacific and JSS
“CPI”	consumer price index
“Director”	a member of the Board of Directors
“Draft Expropriation Rules”	Rules for the Expropriation and Reimbursement for Buildings on State-Owned Land (draft) 《國有土地上房屋徵收與補償條例(徵求意見稿)》
“DTZ”	DTZ Debenham Tie Leung Limited
“EIT Law”	Enterprise Income Tax Law of the PRC
“Eligible Employees”	eligible full-time employees of (including full-time secondees to) the Company and its subsidiaries (including directors of the Company or of any of its subsidiaries who are such employees or secondees as described above) who have Hong Kong addresses and have continuous employment or secondment with the Group for over six months as at 18th April 2010
“Employee Preferential Offering”	the offer for subscription of up to 3,500,000 Shares by Eligible Employees, as further described in the section headed “Structure of the Global Offering — The Hong Kong Public Offering — Employee Preferential Offering” in this prospectus
“Excluded Territory”	Australia, Canada, Malaysia or the U.S.
“GBP”, “£” or “pounds sterling”	pounds sterling, the lawful currency of the U.K.
“GDP”	gross domestic product

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“Global Offering”	the Hong Kong Public Offering and the International Offering
“Goldman Sachs”	Goldman Sachs (Asia) L.L.C.
“GREEN Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group”, “we”, “our” and “us”	the Company and its subsidiaries and, if the context requires, its jointly controlled companies and associated companies
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HK BEAM”	Hong Kong Building Environment Assessment Method
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKR International”	HKR International Company Limited, a company listed on the Stock Exchange (stock code: 480)
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 45,500,000 Shares being initially offered by the Company for subscription at the Offer Price under the Hong Kong Public Offering (subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus), including the Shares which are available for subscription by the Eligible Employees pursuant to the Employee Preferential Offering
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price on and subject to and in accordance with the terms and conditions described in this prospectus and the Application Forms
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters listed in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus, being the underwriters of the Hong Kong Public Offering

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“Hong Kong Underwriting Agreement”	the underwriting agreement dated 30th April 2010 relating to the Hong Kong Public Offering and entered into by the Joint Global Coordinators, the Hong Kong Underwriters and the Company, as further described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement” in this prospectus
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“Independent Third Party”	a party that is not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates
“Inter-group Funding”	has the meaning given to it in the section headed “Relationship with the Controlling Shareholders — Relationship with the Controlling Shareholders — Inter-group Funding” in this prospectus
“Inter-group Loan Agreements”	the loan agreements dated 31st March 2010 between Swire Properties Finance as borrower, the Company as guarantor and Swire Finance as lender
“International Offer Shares”	the 864,500,000 Shares being initially offered under the International Offering together with, where relevant, any additional Shares that may be sold by the Controlling Shareholders pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus
“International Offering”	the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act, as further described in the section headed “Structure of the Global Offering” in this prospectus
“International Underwriters”	the group of underwriters, led by the Joint Global Coordinators, that is expected to enter into the International Underwriting Agreement to underwrite the International Offering
“JP Morgan”	J.P. Morgan Securities (Asia Pacific) Limited

DEFINITIONS

“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering, which is expected to be entered into by the Joint Global Coordinators, the International Underwriters and the Company on or about 7th May 2010, as further described in the section headed “Underwriting — Underwriting Arrangements and Expenses — The International Offering — International Underwriting Agreement” in this prospectus
“JSS”	John Swire & Sons Limited, the controlling shareholder of Swire Pacific
“JSS Group”	JSS and its subsidiaries, excluding the Group and the Retained Group
“JSS Tenancy Framework Agreement”	the tenancy framework agreement dated 14th April 2010 between the Company and JSS in respect of tenancy agreements between members of the Group and members of the JSS Group
“JSSHK”	John Swire & Sons (H.K.) Limited, a wholly-owned subsidiary of JSS
“Joint Global Coordinators”, “Joint Bookrunners” or “Joint Sponsors”	Goldman Sachs, HSBC and Morgan Stanley
“Joint Lead Managers”	CLSA, Goldman Sachs, HSBC, JP Morgan and Morgan Stanley
“LAT”	land appreciation tax (土地增值税) as defined in the PRC Provisional Regulations on Land Appreciation Tax of 1994 and its implementation rules, as described in Appendix VII “Taxation” to this prospectus
“Latest Practicable Date”	26th April 2010, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“LEED”	U.S. Leadership in Energy and Environmental Design
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about 14th May 2010, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Lock-Up Agreement”	the agreement dated 30th April 2010 entered into by the Controlling Shareholders, the Joint Global Coordinators and the Hong Kong Underwriters relating to certain undertakings by the Controlling Shareholders, as further described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Undertakings by the Controlling Shareholders Pursuant to the Lock-Up Agreement” in this prospectus
“MOC”	the Ministry of Commerce of the PRC
“Morgan Stanley”	Morgan Stanley Asia Limited
“NDRC”	the National Development and Reform Commission of the PRC
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%) of not more than HK\$22.90 and expected to be not less than HK\$20.75, such price to be determined by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and the Company on or before the Price Determination Date
“Offer Shares”	the Hong Kong Offer Shares (including the Shares which are available for subscription by the Eligible Employees pursuant to the Employee Preferential Offering) and the International Offer Shares together with, where relevant, any additional Shares that may be sold by the Controlling Shareholders pursuant to any exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by the Controlling Shareholders to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), pursuant to which the Controlling Shareholders may be required to sell up to 136,500,000 Shares (representing in aggregate 15% of the number of Offer Shares initially being offered under the Global Offering) at the Offer Price to, among other things, cover over-allocations in the International Offering, details of which are described in the section headed “Structure of the Global Offering — The International Offering — Over-allotment Option” in this prospectus

DEFINITIONS

“Overseas Swire Pacific Shareholder”	a Swire Pacific Shareholder whose address on one or both of the registers of members of Swire Pacific was in a jurisdiction outside Hong Kong on the Record Date and in relation to whom the Directors, having made relevant enquiries, consider its exclusion from the entitlement to receive Shares under the Swire Pacific Distribution to be necessary or expedient on account either of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction, such jurisdiction being an Excluded Territory
“PBOC”	The People’s Bank of China
“PRC” or “Mainland China”	the People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, unless otherwise specified
“Price Determination Date”	the date, expected to be on or about 7th May 2010, on which the Offer Price will be determined, and in any event, not later than 13th May 2010
“QIB”	a qualified institutional buyer within the meaning of Rule 144A
“Qualifying Swire Pacific Shareholder”	a Swire Pacific Shareholder whose name appeared on one or both of the registers of members of Swire Pacific on the Record Date
“Record Date”	26th April 2010, being the record date for ascertaining entitlements to the Swire Pacific Distribution
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the reorganisation of the Group in preparation for the listing of the Shares on the Stock Exchange, details of which are set out in the section headed “History and Reorganisation — Reorganisation” in this prospectus
“Retained Group”	Swire Pacific and its subsidiaries (excluding the Group)
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration of Foreign Exchange of the PRC
“SAIC”	the State Administration for Industry and Commerce of the PRC

DEFINITIONS

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

DEFINITIONS

“Swire Pacific Distribution”	a conditional special interim dividend declared by Swire Pacific to be satisfied by way of a distribution in specie of an aggregate of 150,462,250 Shares to Qualifying Swire Pacific Shareholders, subject to the satisfaction of certain conditions as described in the section headed “Structure of the Global Offering — The Swire Pacific Distribution” in this prospectus
“Swire Pacific Shareholder”	a registered holder of Swire Pacific Share(s)
“Swire Pacific Shares”	Swire Pacific ‘A’ Shares and Swire Pacific ‘B’ Shares
“Swire Pacific Tenancy Framework Agreement”	the tenancy framework agreement dated 14th April 2010 between the Company and Swire Pacific in respect of tenancy agreements between members of the Group and members of the Retained Group
“Swire Properties Finance”	Swire Properties (Finance) Limited, a wholly-owned subsidiary of the Company
“Track Record Period”	the three years ended 31st December 2009
“Trademark Agreements”	the existing licence and registered user agreements between certain members of the Group and JSS
“TYTL 48 Development Agreement”	the development agreement dated 31st December 2009 between Swire Pacific, Triple Sight International Limited (a wholly-owned subsidiary of the Company) and the Company in relation to sub-section 1 of section A of Tsing Yi Town Lot No.48 and the extension thereto (Nos. 4-6 Tsing Tim Street)
“U.K.” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“Underlying Overseas Swire Pacific Shareholder”	a person (i) who held Swire Pacific Share(s) directly through a CCASS Participant (other than a CCASS Investor Participant) on the Record Date and whose address was shown on the records of such CCASS Participant on the Record Date as being in an Excluded Territory, or (ii) who, to the knowledge of a CCASS Participant (other than a CCASS Investor Participant), held Swire Pacific Share(s) directly through such CCASS Participant on the Record Date on behalf of a person located in an Excluded Territory
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement

DEFINITIONS

“U.S. Securities Act”	the United States Securities Act of 1933, as amended from time to time
“U.S. Exchange Act”	the United States Securities Exchange Act of 1934, as amended from time to time
“U.S.” or “United States”	the United States of America
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“WTO”	the World Trade Organisation
“%”	per cent.

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

In this prospectus, unless otherwise stated, certain amounts denominated in Renminbi, US dollars or pounds sterling have been translated into HK dollars at an exchange rate of RMB1 = HK\$1.136, US\$1 = HK\$7.8 and GBP1 = HK\$12.5092, respectively, for illustrative purposes only. Such conversions shall not be construed as representations that amounts in Renminbi, US dollars or pounds sterling were or could have been or could be converted into HK dollars at such rates or any other exchange rates on such date or any other date.

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

“N/A” means not applicable.

Unless otherwise specified, all references to any shareholdings in the Company following the completion of the Global Offering assume no exercise of the Over-allotment Option.

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

GLOSSARY OF TECHNICAL TERMS

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

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

GLOSSARY OF TECHNICAL TERMS

“base rent”	rental income recognised on a straight-line basis over the shorter of (i) the remaining lease term (taking into account, where a rent review takes place, the re-estimation of the rental income recognised in prior periods which effects are recognised in the period of the rent review) and (ii) the period from the commencement date of the lease to the first break option date (if any), exclusive of any additional turnover rent (if applicable) and other charges and reimbursements (if any). Where the lease includes a rent-free period, the rental income foregone is allocated evenly over the lease term
“deed of mutual covenant”	in respect of a multi-ownership building in Hong Kong, the legal document registered in the Land Registry of Hong Kong which sets out the rights, interests and obligations of the owners, occupiers, tenants and property management agents in respect of the control, administration, maintenance and management of private properties, common parts and facilities of the building
“Grade A”	modern with high quality finishes, flexible layout, large floor plates, spacious, well decorated lobbies and circulation area, effective central air-conditioning, good lift services zoned for passengers and goods deliveries, professional management and parking facilities normally available
“gross floor area” or “GFA”	<p>(i) in the case of any building in Hong Kong:</p> <p style="padding-left: 40px;">the area contained within the external walls of the building measured at each floor level (including any floor below ground level) including the overall area of any balcony and the thickness of the external walls of the building, which in general excludes any area which has been disregarded as constituting gross floor area by the Building Authority</p> <p>(ii) in the case of any building in the PRC:</p> <p style="padding-left: 40px;">the area contained within the external walls of the building measured at each floor level (including any floor below ground level) including the thickness of the external walls of the building. For above-ground areas, this generally includes mechanical and electrical service rooms, refuse rooms, water tanks and carparking floors. For underground areas, this generally excludes mechanical and electrical service rooms, refuse rooms, water tanks and carparking floors</p>

GLOSSARY OF TECHNICAL TERMS

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

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

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

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

“gross rental income” or
“Rental Income”

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

“land use rights certificate”

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

“leased area”

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

“lettable floor area” or “LFA”

(i) in the case of office properties:

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

GLOSSARY OF TECHNICAL TERMS

(ii) in the case of retail properties:

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

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

“net rental income”	gross rental income less outgoings
“occupation permit”	a written permit issued by the Building Authority in Hong Kong certifying that the relevant development or building is fit for occupation (and stipulating the designated user of the development or building) or the corresponding document issued by the relevant authority in another jurisdiction
“outgoings”	all costs associated with the management of the property including but not limited to, staff costs, chilled water charges and electricity, marketing expenses, ice rink expenses, carpark expenses, air conditioning expenses, cleaning charges, building maintenance and services, lift maintenance and, in respect of vacant areas, government rent
“sq.ft.”	square feet. Where an area in square metres is converted into square feet, it is converted at the ratio of 1 square metre : 10.764 square feet
“sq.m.”	square metre
“RevPAR”	revenue per available room, which is calculated by dividing the total hotel room revenue by the total number of room nights available for sale in a given period
“rental reversion”	in respect of any property, the difference between the new rental rate achieved upon lease renewal, rent review or entry into a new lease and the expiring or prior rental rate for that property

GLOSSARY OF TECHNICAL TERMS

“room nights”	the number of times a hotel room is used or available for use by a guest(s) for an overnight stay of up to 24 hours in a given period, excluding complimentary rooms or rooms occupied by in-house staff
“turnover rent”	rent calculated by reference to a pre-determined percentage of a tenant’s sales turnover
“weighted average lease term to expiry”	in relation to any property as at 31st March 2010, means the sum of the quotient for each of the leases in respect of that property, such quotient being (1) the product of (a) the length of the remaining term of that lease to expiry as at 31st March 2010 multiplied by (b) base rent derived from that lease for the month ended 31st March 2010 divided by (2) the base rent derived from all the leases in respect of that property for the month ended 31st March 2010.

Note:

As at 31st March 2010, we occupied 1.7% of the total attributable LFA of the office portion of our completed investment properties. For the purposes of the operational data in this prospectus, such self-occupation has been treated as if the relevant space were occupied by third parties.

RISK FACTORS

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

RISKS RELATING TO OUR BUSINESS

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

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

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

Leasing of our investment properties constitutes a very important part of our business. For the years ended 31st December 2007, 2008 and 2009, rental income generated from our investment properties constituted approximately 96%, 97% and 98%, respectively, of our total turnover. As at 31st March 2010, we had an aggregate of approximately 15 million square feet of GFA attributable to the Group of completed investment properties (excluding hotels) and had leased in aggregate approximately 11 million square feet of LFA, accounting for approximately 97% of the total LFA of our completed investment properties. We are subject to risks incidental to the ownership and operation of office, retail and residential including, amongst other things, changes in market rental levels, competition for tenants and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency or other financial difficulties. In addition, we may not be able to renew leases with our tenants on terms acceptable to us, or at all, upon the expiration of the existing terms. Furthermore, any downturn in the rental market for commercial properties could negatively affect the demand for our rental properties and the amount of rental income we earn, which may have a material adverse effect on our business, results of operations and financial position.

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

The global financial crisis that unfolded in 2008 and continued during 2009 resulted in a marked slowdown in world economic growth, economic contractions in certain markets, more commercial and consumer delinquencies, weakened consumer confidence and increased market volatility in the places in which we operate. The slowdown of the worldwide economy also caused a decrease in property

RISK FACTORS

prices in Hong Kong, the PRC and other places in which we operate. The market volatility and uncertainty caused by the global financial crisis also contributed to a lower demand for properties and a decline in their rents or selling prices. While there are signs that the economies of Hong Kong, the PRC and other countries have begun to recover, we cannot assure you that the global financial crisis will not return. Any global economic slowdown or financial market turmoil in the future may adversely affect the business of the tenants of our office and retail properties and potential purchasers of our trading properties, which may lead to a decrease in the general demand for our properties and a decrease in the rents or selling prices of our properties. In addition, since a portion of our rental income in Hong Kong and the PRC is derived from the turnover of our tenants, which is more volatile than our base rental income, any drop in consumer demand for the goods and services of our tenants could reduce our rental income from retail properties and have an adverse impact on our results of operations.

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

Our investment properties compete for tenants with other properties on, amongst other things, location, quality, maintenance, property management, rent levels and other lease terms. We cannot assure you that existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with ours would increase the competition for tenants and as a result we may have to reduce rent or incur additional costs to make our properties more attractive. If we are not able to retain our existing tenants or attract new tenants to replace those that leave or to lease our new properties, our occupancy rates may decline. If we fail to attract well-known brands as our tenants or keep our existing tenants, our investment properties may become less attractive and competitive. This in turn could have a material adverse effect on our brand, business, results of operations and financial position.

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

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

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

- prohibit PRC commercial banks from financing the payment of land premium;
- restrict PRC commercial banks from financing the development of luxury residential properties and villas;

RISK FACTORS

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

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

- prohibiting commercial banks from lending to projects with an internal capital ratio (owners' equity) of less than 35%, or without a land use rights certificate, construction land use planning permit, construction planning permit and construction permit;
- prohibiting commercial banks from lending to property developers solely for the payment of land premium; and
- commercial properties purchased with loans shall have been completed and passed the completion acceptance inspection.

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

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

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

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

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

We recorded gross profit margins of approximately 78%, 79% and 75% for each of the three years ended 31st December 2007, 2008 and 2009, respectively. Factors which may reduce our gross profit margin include:

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

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

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

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

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

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- changes in government policies or relevant laws or regulations; and
- economic conditions.

Construction delays or the failure to complete the construction of a project according to our planned specifications, schedule or budget as a result of the above factors may affect our results of operations and financial position and may also adversely affect our reputation. We cannot assure you that we will not experience any significant delays in the completion or delivery of our projects, or that we will not be subject to any liabilities to our tenants, any purchasers or relevant government authorities for any such delays. Liabilities arising from any delays in the completion or delivery of our projects could have a material adverse effect on our business, results of operations and financial position.

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

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

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

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

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

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In 2002, the Rules on the Grant of State-owned Land Use Rights through Public Tender, Auction and Listing-for-Sale《招標拍賣掛牌出讓國有土地使用權規定》(amended in 2007) introduced a nationwide system of mandatory public tender, auction or listing-for-sale for the grant of land use rights for industrial use, commercial use, tourism use, entertainment use and commodity housing development and the use rights for land in which more than one land user are interested. The rules require that the land premium must be paid in full pursuant to the underlying land grant contract before the land use rights certificate can be issued to the land user. The PRC government's policy to grant state-owned land use rights at competitive market prices is likely to increase the acquisition cost of land reserves. Our business, results of operations and financial position may be materially and adversely affected to the extent that we are unable to acquire suitable sites for our model of project development in strategic locations on a timely basis or at prices which will enable us to achieve reasonable returns.

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

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

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

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

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

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

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

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

During the Track Record Period, the Company was not subject to any penalty for late payment of land premiums, was not required to forfeit any land and did not receive any warning from the relevant governmental authorities or pay any penalties as a result of failing to commence development pursuant to the relevant land grant contract. Our PRC legal adviser is of the opinion that the Company has not failed to comply with its land grant contracts or any PRC laws or regulations governing idle land as at the Latest Practicable Date.

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

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

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

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

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

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

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In January 2010, the Legislative Affairs Office of the State Council of PRC announced the draft Rules for the Expropriation and Reimbursement for buildings on state-owned land 《國有土地上房屋徵收與補償條例(徵求意見稿)》 (“**Draft Expropriation Rules**”) for comments. Under the Draft Expropriation Rules, the rights of persons whose buildings are to be expropriated are emphasised. In accordance with the Draft Expropriation Rules, buildings on state-owned land can be expropriated for public interest reasons, and the buildings’ owners shall be reimbursed in accordance with those rules. Since the Draft Expropriation Rules are not effective yet and their implementation rules are not established, there is uncertainty as to their effect upon our business and results of operations.

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

The appraised values of our properties as contained in the property valuation reports set out in Appendix IV “Property Valuation” to this prospectus are based on assumptions that include elements of subjectivity and uncertainty, and may be subject to substantial fluctuations. Therefore, the appraised value of our properties may be different from their actual realisable value or a forecast of their realisable value. Unforeseen changes to property development projects as well as national and local economic conditions may affect the value of our property holdings. In particular, the fair value of our properties could remain stable or decrease in the event that the market for comparable properties experiences a downturn, for example, in the PRC as a result of the PRC government policies aimed at “cooling-off” the PRC property market or, in Hong Kong, the PRC, the U.S. or the U.K., as a result of the continuing effect of the recent global financial crisis, or otherwise. As noted above, the appraised values of our properties are based on many assumptions. These assumptions include that:

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

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

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

Because we have adopted a policy of recording our investment properties at fair value, we are required under HKFRS to reassess the fair value of our investment properties at every balance sheet date for which we issue financial statements. Under HKFRS, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated income statement in the period in which they arise. Our valuations are based on a capitalisation approach, under which the estimated net rental income generated from the investment properties is capitalised at an appropriate

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rate to arrive at the value conclusions. A direct comparison approach is also used, under which our investment properties are directly compared with other comparable properties of similar size, character and location, in order to provide a fair comparison of capital values. Our investment properties were revalued by qualified surveyors as at 31st December 2007, 2008 and 2009) on an open market, existing use basis, which reflected market conditions on those dates. Based on such valuation, we recognised the aggregate fair market value of our investment properties on our consolidated balance sheets, and recognised fair value gains on investment properties and the relevant deferred tax in our consolidated income statement. For the years ended 31st December 2007, 2008 and 2009, the fair value gains on our investment properties were HK\$19,420 million, HK\$358 million and HK\$14,407 million, respectively, and accounted for approximately 84.2%, 8.4%, 77.2%, respectively, of our profit before taxation. Changes in the fair value of Sanlitun Village affect the fair value of our liability in respect of our minority partner's right to sell to us its interest in Sanlitun Village.

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

We expect our forecast profit attributable to the Shareholders for the year ending 31st December 2010 to be HK\$7,143 million, including the effects of changes in fair value of our properties aggregating fair value gains of HK\$3,198 million (net of deferred tax and share of minority interests) (including the Company's share of fair value gains on investment properties of our jointly controlled companies and associated companies (net of deferred tax)) derived from the revaluation of our investment properties.

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

Our borrowings are principally denominated in HK dollars and Renminbi. The interest rates on some of our outstanding HK dollar denominated borrowings are benchmarked to the Hong Kong interbank offered rates for HK dollars. Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations. The benchmark three-year bank lending rates published by PBOC for the years ended 31st December 2007, 2008 and 2009 were 7.56%, 5.40% and 5.40%, respectively. We cannot assure you that these benchmark interest rates will remain unchanged or that they will not increase. For the year ended 31st December 2009, the average interest rate on our outstanding bank borrowings was 6.0% and the average interest rate on our outstanding borrowings from Swire Finance was 3.82%. Interest expenses on our borrowings incurred in 2007, 2008, 2009 were HK\$711 million, HK\$1,179 million and HK\$1,247 million, respectively. We cannot assure you that PBOC will not raise lending rates or that the Hong Kong interbank offered rates for HK dollar loans will not fluctuate significantly. Any increase in these rates will increase our financing cost and may materially and adversely affect our business, financial condition and results of operations.

We may suffer losses arising from uninsured risks.

We have insurance in place in relation to our completed properties and in relation to our properties under development. For more information, please see the section headed "Business — Insurance" in this prospectus. Our insurance may not fully indemnify us for all potential losses, damages or liabilities related to our properties. This is because in the jurisdictions in which we operate

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there are certain exposures which are either excluded under some of our insurance programmes or for which insurance is not available on what we consider to be reasonable commercial terms. Such exposures include potential losses which might arise as a result of war, civil unrest, terrorism, pollution, fraud, professional negligence and acts of God. Our insurers may become impaired and find themselves financially unable to meet claims. After large losses sustained by the international insurance market, insurers may exclude certain risks when we renew our insurance programmes. Where insurance is taken out in relation to properties which are owned by jointly controlled entities, we are not in a position to ensure that such properties are insured in accordance with the same standards which we apply when taking out insurance in respect of our own properties. If we suffer from any losses, damage or liabilities in the course of our operations arising from events for which we do not have any or adequate insurance cover, we may not have sufficient funds to cover any such losses, damages or liabilities or to replace any property that has been destroyed. The occurrence of any of the above events and the resulting payment we make to cover any losses, damages or liabilities may have a material adverse effect on our business, results of operations and financial position.

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

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

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

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

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

We have less experience in the hotel business than in the property development business. We have developed and are developing high quality hotels which we operate or intend to operate. We may face considerable reputational and financial risks if the hotels do not meet the expectations of hotel

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visitors. In addition, we cannot assure you that there will be sufficient demand for our hotels. We rely on third parties to manage some of our hotels. While we have not come across any material issues in relation to the management of those hotels, we may not always be in a position to identify or resolve any issues that may arise in relation to those hotels. If we fail in our hotel business, it may have an adverse effect on our brand, overall business, results of operations and financial position.

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

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

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

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

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

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

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

We may be involved in disputes arising out of the development, leasing or sale of our properties with contractors, suppliers, construction workers, tenants, residents, residents of surrounding areas, joint venture partners, purchasers or other parties. These disputes may lead to protests, legal or other

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proceedings and may damage our reputation and divert our resources and management's attention. Significant costs may have to be incurred in defending ourselves in such proceedings. In addition, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings or unfavourable decrees that may result in liabilities and cause delays to our property developments. We may also be involved in disputes or legal proceedings in relation to delays in the completion and delivery of our projects. Any of the above could have a material adverse effect on our business, results of operations and financial position.

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

For information on tax-related contingent liabilities which may arise in relation to notices of assessment issued by the Hong Kong Inland Revenue Department in a total amount of HK\$440 million and the related estimated interest in a total amount of HK\$171 million as at 31st December 2009 (and notices of assessment issued by the Hong Kong Inland Revenue Department to Lindfield Limited (a company in which the Company has an indirect 50% interest) in an amount of HK\$18 million), please refer to the section headed "Financial Information — Indebtedness, Contingent Liabilities and Net Current Liabilities — Contingent Liabilities" in this prospectus and Note 39(d) to the Accountant's Report set out in Appendix I to this prospectus.

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

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

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

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

The completed property developments held by us are generally intended to be held for long-term investment. Property investment is subject to varying degrees of risks. The investment returns available from real estate depend, to a large extent, on the amount of capital appreciation generated,

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income earned from the rental of the relevant properties as well as the expenses incurred. Maximising yields from properties held for long-term investment also depends to a large extent on active ongoing management and maintenance of the properties. The ability to dispose of investment properties eventually will also depend on market conditions and levels of liquidity, which may be limited or subject to significant fluctuation in the case of certain types of commercial properties. The revenue derived from completed investment properties and the value of property investments may be adversely affected by a number of factors, including but not limited to changes in rental levels at comparable properties, the inability to collect rent due to bankruptcy or insolvency of tenants and the costs resulting from periodic maintenance, repair and re-letting. If our property investment business is unable to generate adequate returns, our business, financial condition, results of operations and prospects may be adversely affected.

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

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

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

The real estate industry in the PRC is heavily regulated by the PRC government. PRC real estate developers must comply with various requirements mandated by applicable laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In order to undertake and complete a property development, a property developer must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, including but not

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limited to land use rights documents, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. We cannot be sure that we will not encounter problems in obtaining such government approvals or in fulfilling the conditions required for obtaining the approvals, or that we will be able to comply with new laws, regulations or policies that may come into effect from time to time with respect to the real estate industry in general or the particular processes with respect to the granting of approvals. If we fail to obtain the relevant approvals or to fulfill the conditions of those approvals for our property developments, these developments may not proceed on schedule, and our business, financial condition, results of operations and prospects may be adversely affected.

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

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

Fluctuation in exchange rates may have a material adverse effect on your investment.

The exchange rates between Renminbi and the Hong Kong dollar, the US dollar and other foreign currencies are affected by, among other things, changes in political and economic conditions of the relevant countries. In July 2005, the PRC government changed its policy of pegging the value of the Renminbi to the US dollar. This change in policy has resulted in the value of the Renminbi appreciating against the HK dollar, the US dollar and certain other foreign currencies and a further appreciation of the Renminbi against the HK dollar, the US dollar or other foreign currencies may be expected. On the other hand, if the value of the Renminbi depreciates against the HK dollar, US dollar or other foreign currencies and such depreciation is significant, this may have a material adverse effect on our operations and financial position.

Our indebtedness could have an adverse effect on our financial condition, diminish our ability to raise additional capital to fund our operations and limit our ability to explore business opportunities.

We maintain a certain level of indebtedness to finance our operations. As at 31st March 2010, our total outstanding borrowings, amounted to HK\$36,573 million. Our indebtedness could have an adverse effect on us, for example by:

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

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

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

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

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

RISKS RELATING TO THE REAL ESTATE AND HOTEL INDUSTRIES

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

There are a large number of property developers in Hong Kong. In recent years, a large number of property developers have begun to undertake property development and investment projects in the PRC. In addition, a number of regional and international developers have expanded their operations into the PRC. Many of these developers, both private and state-owned, have significant financial, managerial, marketing and other resources, as well as experience in property and land development. Local PRC property developers are improving in quality and expanding in terms of scale and variety of product. Competition between property developers is intense and may result in, among other things, increased costs of acquiring land for development, oversupply of properties in certain parts of the PRC, a decrease in property prices, a slowdown in the rate at which new property developments will be approved and/or reviewed by the relevant government authorities, an increase in construction costs and difficulty in obtaining high quality contractors and qualified employees. Any such consequences may adversely affect our business, results of operations and financial position. In addition, the real estate market in the PRC is rapidly changing. If we cannot respond to changes in market conditions more swiftly or effectively than our competitors do, our ability to generate revenue, financial condition and results of operations will be adversely affected.

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

The PRC government has exercised and continues to exercise significant influence over the PRC's economy in general, which, among others, affects the property industry in the PRC. From time to time, the PRC government adjusts its monetary and economic policies to prevent and curtail the

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overheating of the national and provincial economies, which may affect the real estate markets that we operate in. Any action by the PRC government concerning the economy or the real estate industry in particular could have a material adverse effect on the financial condition and results of operations of the Group.

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

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

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

PBOC has adjusted the deposit reserve ratio for commercial banks several times, increasing it to 17.5% in June 2008 and lowering it to 15.5% (for large-scale financial institutions) and 13.5% (for small and medium-scale financial institutions) respectively in December 2008. In January and February 2010, the ratio for large-scale financial institutions was increased by two steps to 16.5%. The deposit reserve refers to the amount of funds that banks must hold in reserve against deposits made by their customers. The increase of the deposit reserve ratio may negatively impact the amount of funds available to be lent to business, including us, by commercial banks in the PRC. The central and local authorities may continuously adjust interest rates and other economic policies or impose other regulations or restrictions that may have an adverse effect on the property market in the PRC, which may adversely affect our business.

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

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

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

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

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

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

We are subject to extensive and increasingly stringent environmental protection laws, regulations and decrees that impose fines for violation of such laws, regulations or decrees and provide for the shutdown by governmental authorities of any construction sites not in compliance with governmental orders requiring the cessation or cure of certain activities causing environmental damage. In addition, there is a growing awareness of environmental issues and we may sometimes be expected to meet a standard which is higher than the requirement under the prevailing environmental laws and regulations. We have adopted environmental protection measures, including conducting environmental assessments on our property construction projects, hiring construction contractors who have good environmental protection and safety track records and requiring them to comply with the relevant laws

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and regulations on environmental protection and safety. We require them to use construction materials and construction methods that meet the requirements of such laws and regulations, undertake final clean up of the construction site and manage the quality of residual soil. However, these measures may still not be sufficient. In addition, there is no assurance that more stringent environmental protection requirements will not be imposed by relevant governmental authorities in the future. If we fail to comply with existing or future environmental laws and regulations or fail to meet public expectations in relation to environmental matters, our reputation may be damaged or we may be required to pay penalties or fines or take remedial actions, any of which could have a material adverse effect on our business, results of operations and financial position.

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

RISKS RELATING TO THE PRC AND HONG KONG

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

Hong Kong and the PRC have been, and will continue to be, our primary operating base and currently most of our assets are located in Hong Kong and the PRC. While the PRC government has been pursuing economic reforms to transform its economy from a planned economy to a market economy since 1978, a substantial part of the PRC economy is still being operated under various controls of the government. By imposing industrial policies and other economic measures, such as control of foreign exchange, taxation and foreign investment, the PRC government exerts considerable direct and indirect influence on the development of the PRC economy. Many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining and adjustment process may not necessarily have a positive effect on our operations and business development. For example, the PRC government has in the past implemented a number of measures intended to slow down certain segments of the economy, including the real estate industry, that the government believed to be overheating, such as raising benchmark interest rates of commercial banks, reducing currency supply and placing additional limitations on the ability of commercial banks to make loans by raising bank reserves against deposits. Our business prospects and results of operations may be materially and adversely affected by changes in the PRC economic and social conditions and by changes in the rates or method of taxation and the imposition of additional restrictions on currency conversion.

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

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

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

The EIT Law and the implementation regulations to the EIT Law issued by the PRC State Council became effective on 1st January 2008. Under the EIT Law, enterprises established outside of the PRC whose “de facto management bodies” are located in the PRC are considered “resident enterprises” and will generally be subject to the uniform 25% enterprise income tax rate as to their global income. In addition, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are “non-resident enterprises” (that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) to the extent such dividends have their source within the PRC although such income tax may be exempted or reduced by the State Council of the PRC or pursuant to a tax treaty between the PRC and the jurisdictions in which such investors reside. Similarly, any gain realised on the transfer of Shares by such investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. Under the Implementation Regulations of the PRC Enterprise Income Tax Law《中華人民共和國企業所得稅法實施條例》the term “de facto management body” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. We believe our “de facto management body” is not based in the PRC, and therefore we should not be deemed a PRC resident enterprise for enterprise income tax purposes. However, we cannot assure you that the PRC authorities will not amend the relevant rules to the effect that such rules will apply to us in the future. Should this occur, we may be treated as a PRC resident enterprise for enterprise income tax purposes and our business, results of operations and financial condition could be materially and adversely affected.

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

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

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

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

However, approval from appropriate governmental authorities is required when Renminbi is converted into foreign currencies and remitted out of the PRC for capital account transactions, such as the repatriation of equity investment in the PRC and the repayment of the principal of loans denominated in foreign currencies. Such restrictions on foreign exchange transactions under capital accounts also affect our ability to finance our PRC business. In addition, our transfer of funds to our PRC subsidiaries and jointly controlled entities is subject to approval by PRC governmental authorities in the case of an increase in registered capital, and subject to approval by and registration with PRC governmental authorities in case of shareholder loans to the extent that the existing foreign investment approvals received by our PRC subsidiaries and jointly controlled entities permit any such shareholder loans at all. These limitations on the flow of funds between us and our PRC subsidiaries and jointly controlled entities could restrict our ability to act in response to changing market conditions.

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

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

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

RISKS RELATING TO THE GLOBAL OFFERING

The valuation attached to our property interests and our profit forecast contain assumptions that may or may not prove to be accurate.

Under HKFRS, the valuations of investment properties are reflected in our financial statements. Gains or losses arising from changes in the fair value of our investment properties are accounted for as fair value gains or losses on investment properties in our income statement.

The forecast profit attributable to the Shareholders for the year ending 31st December 2010 of HK\$7,143 million includes fair value gains on investment properties (net of deferred tax effect and share of minority interests) estimated at HK\$3,198 million, including the Company's share of fair value gains on investment properties of our jointly controlled companies and associated companies (net of deferred tax). The fair value gains on investment properties have been estimated based on projected valuations at 31st December 2010 according to a basis of valuation which is, so far as practicable, consistent with the basis of valuation which has been adopted in valuing our properties for the purposes of our audited consolidated financial statements contained elsewhere in this prospectus and in the property valuation reports in Appendix IV. Accordingly, we have arrived at the projected valuation at 31st December 2010 of the Group's investment property portfolio by capitalising the rental income derived from existing tenancies with due provision for reversionary income potential. The projected valuation at 31st December 2010 of investment properties under construction is based on the expected market value of the property (on the assumption that it will have been completed on or (as the case may be) before 31st December 2010) adjusted for the estimated costs to complete the project. Our projected valuations at 31st December 2010 have been prepared by us and reviewed (except in relation to Amalgamation Properties) by our independent property valuer, DTZ, and our property specific estimates of average rents and capitalisation rates in Hong Kong and the PRC for the purpose of our projected valuations at 31st December 2010 are generally agreed with by them. The trends in 2010 for the property specific average rents and capitalisation rates are generally in line with the trends for city-wide rentals and capital values for 2010 projected by our independent market consultant, DTZ, as set out in the market research report included in Appendix V to this prospectus. We expect the fair value of our investment properties as at 31st December 2010, and in turn any fair value gain or loss on our investment properties and the consequential effect on deferred tax and our liability under the put option which our minority partner has in respect of its interest in Sanlitun Village, to continue to be dependent on market conditions and other factors that are beyond our control, and to be based on valuations performed by qualified surveyors involving the use of assumptions that are, by their nature, subjective and uncertain.

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In relation to Sanlitun Village and for the purpose of preparing the forecast profit attributable to the Shareholders, we have estimated the value as at 31st December 2010 of the liability in respect of the put option which our minority partner has in respect of its interest in Sanlitun Village. For details of the put option, see the section headed “Business — Completed Investment Properties — the PRC — (i) Sanlitun Village, Beijing” in this prospectus. For such purpose, we have estimated the present value (as at 31st December 2010) of the redemption amount of such put option, by reference principally to the estimated fair value of the portions of Sanlitun Village in which our minority partner is interested, subject to certain agreed assumptions and adjusted to reflect the difference between the current assets and the liabilities of (and accrued tax in the ordinary course of the business payable by) the holding company through which the interests of ourselves and our minority partner in those portions of Sanlitun Village are held.

We expect the fair value of our investment properties as at 31st December 2010, and in turn any fair value gain or loss on our investment properties, to continue to be dependent on market conditions and other factors that are beyond our control, and to be based on valuations performed by qualified surveyors involving the use of assumptions that are, by their nature, subjective and uncertain. In addition, in preparing the forecast, we have made a number of other assumptions and estimates as described in the section headed “Financial Information — Profit Forecast for the Year Ending 31st December 2010” and in Appendix III “Profit Forecast” to this prospectus. Although we believe the assumptions and estimates on which the profit forecast is based are reasonable, due to the inherent uncertainties in these assumptions, particularly the revaluation of investment properties as described above, any or all of these assumptions and estimates could prove to be inaccurate and, as a result, the profit forecast based on those assumptions could also be incorrect.

The Offer Price may not be indicative of prices that will prevail in the trading market for the Shares and such market prices may be volatile.

The Offer Price for the Offer Shares will be determined on the Price Determination Date by the Company and the Joint Global Coordinators (on behalf of the Underwriters). The Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to occur some time on or before the sixth business day after the Price Determination Date. The Offer Price for the Offer Shares may not be indicative of prices that will prevail in the trading market. Investors may not be able to resell their Shares at or above the Offer Price. The financial markets in Hong Kong and other countries have in the past experienced significant price and volume fluctuations. Volatility in the price of the Shares may be caused by factors outside our control and may be unrelated or disproportionate to our operating results.

As the Offer Price range is higher than the net tangible book value per Share, you will experience an immediate dilution in the book value of the Shares you purchased in the Global Offering and may experience further dilution if the Company issues additional Shares in the future.

The Offer Price range of the Shares is higher than the net tangible book value per Share immediately prior to the Global Offering. Therefore, purchasers of the Shares in the Global Offering will experience an immediate dilution in net tangible asset value per Share, while the existing Shareholders will receive an increase in net tangible asset value per Share. Assuming the completion of the Global Offering, the net tangible asset value per Share based on 6,600,000,000 Shares in issue is approximately HK\$19.74 per Share (based on an Offer Price of HK\$20.75 per Offer Share) or HK\$20.03 per Share (based on an Offer Price of HK\$22.90 per Offer Share). If we issue additional Shares or equity-linked securities in the future, purchasers of the Shares may experience further dilution.

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Future sales of Shares by the Controlling Shareholders or the Company may decrease the value of your investment.

Future sales by the Controlling Shareholders or other existing Shareholders, or the issuance by the Company of substantial amounts of Shares after the Global Offering, could adversely affect the market prices of the Shares prevailing from time to time. The number of Shares available for sale or issuance immediately after the Global Offering will be limited in comparison to the number of Shares then in issue due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived or breached, future sales of substantial amounts of the Shares in the public market or the possibility of such sales, could negatively impact the market price of the Shares and the ability of the Company to raise equity capital in the future.

There is no existing public market for the Shares and their liquidity and market price may be volatile.

Prior to the Global Offering, there was no market for the Shares. The initial indicative Offer Price range for the Shares as stated in this prospectus was the result of negotiations between the Company and the Joint Global Coordinators (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for the Shares following the Global Offering.

The Company has applied for the listing of, and permission to deal in, the Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for the Shares will develop or, if it does develop, will be sustained following the Global Offering or that the market price of the Shares will not decline following the Global Offering. In addition, we cannot assure you that the Global Offering will result in the development of an active and liquid public trading market for the Shares. Furthermore, the price and trading volume of the Shares may be volatile. Factors such as the following may affect the volume and price at which the Shares will trade:

- actual or anticipated fluctuations in our results of operations;
- announcements of new projects or land acquisitions by us or our competitors;
- reduction or restriction of financing for the property industry;
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general economic, market or regulatory conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and

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- release of lock-up or other transfer restrictions on the outstanding Shares or sales or perceived sales of additional Shares by the Company, the Controlling Shareholders or other Shareholders.

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

Forward-looking information may prove inaccurate.

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

We cannot guarantee the accuracy of certain facts and statistics contained in this prospectus.

Certain facts and statistics in this prospectus, including those relating to Hong Kong, the PRC, the U.S. and the U.K., their respective economies and their respective real estate industries have been derived from various official government and other publications generally believed to be reliable. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts and statistics in this prospectus may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy (as the case may be) in other jurisdictions. Therefore, you should not unduly rely upon the facts and statistics contained in this prospectus.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering. Such press and media coverage included certain project development and operational information, financial information, financial projections, valuations and other information

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about us that are not contained in this prospectus. There may continue to be additional press and media coverage on us and the Global Offering. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it, and accordingly you should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the information included in this prospectus.

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM THE COMPANIES ORDINANCE

In preparation for the Global Offering, the Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from the Companies Ordinance:

PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the issuer's total issued share capital must at all times be held by the public. The Company has applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange has confirmed that it will exercise, its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of 15% for the Company. The above discretion is subject to the condition that the Company complies with the disclosure requirements under Rule 8.08(1)(d) of the Listing Rules. The Company will make appropriate disclosure of the lower prescribed percentage of public float and confirm sufficiency of the public float in its successive annual reports after the Listing. In addition, the Company will, with a view to ensuring compliance with its obligations under the Listing Rules in relation to the minimum number of Shares which must be in public hands, (i) monitor its register of members, relevant disclosures made under Part XV of the SFO and other relevant sources of information available to it and (ii) (if at any time it becomes aware that the number of Shares which are in public hands is less than such minimum number) take such steps as are legally available to it to restore the number of Shares in public hands to the minimum required by the Listing Rules.

Although the directors of Swire Pacific who are Eligible Employees will be eligible to apply for Offer Shares pursuant to the Employee Preferential Offering as well as pursuant to the Hong Kong Public Offering, the allocation of Offer Shares to such directors will not affect the ability of the Company to satisfy the minimum public float percentage of 15%.

CLAW BACK MECHANISM

Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached. An application has been made for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules such that, in the event of over-applications in the Hong Kong Public Offering, the Joint Global Coordinators shall apply a clawback mechanism following the closing of the application lists on the following basis:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then no Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 45,500,000 Offer Shares, representing 5.0% of the Offer Shares initially available under the Global Offering;
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM THE COMPANIES ORDINANCE

will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 68,250,000 Offer Shares, representing 7.5% of the Offer Shares initially available under the Global Offering;

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 91,000,000 Offer Shares, representing 10.0% of the Offer Shares initially available under the Global Offering; and
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 182,000,000 Offer Shares, representing 20.0% of the Offer Shares initially available under the Global Offering.

U.S. PROPERTIES

On 25th January 2010, the Group acquired all the shares of Swire Properties US Inc. and Swire Properties One Inc. (together with related loan notes due from Swire Properties US Inc.) from Swire Pacific. For further information about the acquisition, please refer to the section headed “Financial Information — Recent Developments — Acquisition of U.S. Properties” in this prospectus. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules to include in this prospectus the results of Swire Properties US Inc. and Swire Properties One Inc. in respect of each of the three financial years immediately preceding the issue of this prospectus and the balance sheets of each of these companies as at the end of each of the three financial years to which the latest audited accounts of each respective company have been made up, on the basis that these acquisitions are immaterial to the Group, that no pro forma accounts are required to be prepared in respect of the acquisitions, that appropriate alternative disclosures of the full addresses, gross floor area, trading volumes for the year ended 31st December 2009 of the U.S. properties, the combined carrying value of the assets and liabilities of Swire Properties US Inc. and Swire Properties One Inc. and their subsidiaries as at 25th January 2010 as well as their net assets as at 31st December 2009 have been made in this prospectus and that the U.S. properties are included in Appendix IV “Property Valuation” to this prospectus.

VIETNAM PROPERTIES

Practice Note 12 of the Listing Rules specifies the information to be included in a valuation report pursuant to Rule 5.06(9) in respect of property situated in a developing property market. We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from the requirements under paragraphs 5.1 and 8.2 of Practice Note 12 of the Listing Rules in respect of one office unit and two residential units in Vietnam leased by the Group from other parties (the “Vietnam Properties”), on the basis, inter alia, that such properties are used as a representative office

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM THE COMPANIES ORDINANCE

and for staff accommodation, have no commercial value (as disclosed in the property valuation report in Appendix IV to this prospectus) and the establishment of title to the Vietnam Properties and the disclosure of any material conditions affecting title to such properties are not of material relevance to potential investors' assessment of the assets and liabilities, financial position, profits and losses and prospects of the Group.

AMALGAMATION PROPERTIES

The Company has applied to the Stock Exchange and the SFC for, and the Stock Exchange and the SFC have agreed to grant, a waiver from the strict compliance with Rules 5.01, 5.06, 5.08 and paragraph 3(a) of Practice Note 16 of the Listing Rules and a certificate of exemption from strict compliance with paragraph 34(2) of the Third Schedule of the Companies Ordinance in respect of the valuation and disclosure of the Amalgamation Properties.

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

Given the importance of keeping the details of Amalgamation Properties confidential, the Company takes special care and puts in place measures to ensure that the identity of individual properties comprising Amalgamation Properties is kept highly confidential even within the Company. The Company has sought to ensure that other than the three executive Directors referred to below, only the three teams in the development and acquisition department of the Company who are responsible for the acquisitions of the individual properties, and the senior managers within the finance department of the Company who are responsible for the payment for the acquisitions, are aware of the identity of individual properties comprising Amalgamation Properties. The information is further segregated among the three acquisition teams to minimise the risk of disclosure. Attendance at acquisition meetings is limited to three executive Directors (chief executive officer, finance director and chief operating officer) of the Company with the acquisition teams reporting to the Directors separately.

Amalgamation Properties are not valued by any independent valuer for the purpose of the audited consolidated financial statements of the Company and those of Swire Pacific (although they are valued using the methods, including those applicable to investment properties in Hong Kong, described in the property valuation report from DTZ in Appendix IV "Property Valuation" to this prospectus). The Company believes that in the light of the importance of confidentiality and the extent of the measures adopted by the Company to preserve confidentiality even within the Company, it is inappropriate to make available the details of Amalgamation Properties to external property valuers, which would

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM THE COMPANIES ORDINANCE

increase the risk of disclosure. Instead, Amalgamation Properties have been valued internally by qualified surveyors who are members of the Hong Kong Institute of Surveyors (MHKIS) and/or members of the Royal Institution of Chartered Surveyors (MRICS) or fellows of the Royal Institution of Chartered Surveyors (FRICS) (and accordingly are subject to the discipline of these professional bodies) (which is specifically allowed under paragraph 32 of HKAS 40), for confidentiality reasons.

Amalgamation Properties comprise only the properties acquired and held in confidence by the Company for the purpose of site amalgamation which have remained confidential to the market. It is to be noted that there will frequently be speculation that the Company is acquiring properties, and such speculation may at times reference a building where the Company is assembling units, or a building which is not in fact one that has been targeted by the Company. However, mere speculation, even if it correctly references a target building, needs to be distinguished from situations where the public has sufficient information for the property to be considered rightly as being an “open secret”, for example where the public has knowledge of the confirmed address of a property and the extent of the Company’s ownership interest in the relevant property. If the Company’s ownership of any Amalgamation Properties has ceased to be confidential, those properties have been removed from the Amalgamation Properties portfolio and are treated in the same way as the other investment properties of the Company.

Amalgamation Properties, which were valued internally at HK\$2,201 million as at 31st March 2010, accounted for less than 1.5% of the Group’s total property portfolio as at that date. Accordingly, the Directors and the Joint Sponsors are of the view that Amalgamation Properties individually and in aggregate form an insignificant part of the Company’s property portfolio.

The Company has applied for the waiver and exemption in respect of Amalgamation Properties on the basis that the disclosure would be seriously detrimental to the interests of the Shareholders on account of the commercial sensitivity and is therefore inappropriate. The Directors consider that non-disclosure of the details of Amalgamation Properties would not prejudice the interest of the investing public. The waiver and exemption were granted on the conditions that (a) Amalgamation Properties will be valued internally by professionally qualified surveyors who are subject to the discipline of a professional body; (b) the following information be set out in this prospectus: (i) the fact that the Company has acquired and is holding units in certain sites in Hong Kong which are undergoing site amalgamation; (ii) the measures put in place to preserve confidentiality of individual properties comprising Amalgamation Properties within the Company; (iii) the consolidated value of Amalgamation Properties as at 31st March 2010; and (iv) the professional qualification of the persons undertaking the valuation of Amalgamation Properties; (c) this prospectus contains a statement that the Directors have confirmed that any disclosure of the details of Amalgamation Properties will be seriously detrimental to the interests of the Shareholders; (d) this prospectus contains a statement by the Directors and the Joint Sponsors to the effect that in their opinion, as at 31st March 2010, the Amalgamation Properties are individually and in aggregate not material to the Group, together with the basis of such opinion; and (e) particulars of this exemption are set out in this prospectus.

CONTINUING CONNECTED TRANSACTIONS

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

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM THE COMPANIES ORDINANCE

EMPLOYEE PREFERENTIAL OFFERING

The Company has applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with Rule 10.03 of the Listing Rules in relation to the participation in the Employee Preferential Offering by Directors and their associates who are Eligible Employees (the “**Eligible Directors**”) on the basis that, amongst other things, the Hong Kong Offer Shares are being offered to the Eligible Directors on a preferential basis in their capacity as Eligible Employees (rather than in their capacity as Directors) and that no preferential treatment will be given to Eligible Directors in the allocation of Hong Kong Offer Shares under the Employee Preferential Offering.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus contains particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to us. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

We have not authorised anyone to provide any information or to make any representation not contained in this prospectus. You should not rely on any information or representation not contained in this prospectus as having been authorised by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters or any of our or their respective directors, officers or representatives or any other person involved in this Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as at any date subsequent to the date of this prospectus.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The listing of, and permission to deal in, the Shares on the Stock Exchange is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters. The International Underwriting Agreement is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price between the Company and the Joint Global Coordinators (on behalf of the Underwriters). Further details about the Underwriters and the underwriting arrangements are contained in the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON OFFERS AND SALES OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering. Save as disclosed in this prospectus, no part of the share or loan capital of the Company is listed on or dealt in on any other stock exchange. At present, the Company is not seeking or proposing to seek such listing of, or permission to deal in, the share or loan capital of the Company on any other stock exchange.

HONG KONG REGISTER AND STAMP DUTY

The Company's register of members is maintained by the Hong Kong Share Registrar in Hong Kong. All Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Company's register of members maintained in Hong Kong.

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

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

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

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

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of and dealing in the Shares. We emphasise that none of us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set out in the section headed “How to Apply for the Hong Kong Offer Shares” in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
PRATT, Christopher Dale, CBE	25 Peak Road, Hong Kong	British
CUBBON, Martin	26 Severn Road, The Peak, Hong Kong	British
BREMRIDGE, John Charles Godfrey	1A Eredine, 38 Mount Kellett Road, Hong Kong	British
BRADLEY, Guy Martin Coutts	Apt 131, Tower 4, Hong Kong Parkview, 88 Tai Tam Reservoir Road, Hong Kong	British
HO, Cho Ying Davy	Flat 1, 6/F., Block B, Elm Tree Towers, 10 Chun Fai Road, Hong Kong	British
ONGLEY, Gordon James	2805, 28/F, Embassy House, 18 Dongzhimenwai Xiao Jie, Dongcheng District, 100027 Beijing, China	British
<i>Non-executive Directors</i>		
CHENG, Hoi Chuen, GBS, OBE, JP	House J, Bauhinia Garden, 42 Chung Hom Kok Road, Chung Hom Kok, Hong Kong	Chinese
HUGHES-HALLET, James Wyndham John, SBS	Flat 5, 97 Linden Gardens, London W2 4EX, United Kingdom	British
KILGOUR, Peter Alan	House 5, Helene Court, 14 Shouson Hill Road, Hong Kong	British
SWIRE, Merlin Bingham	50C Brunswick Gardens, London W8 4AN, United Kingdom	British
<i>Independent Non-executive Directors</i>		
BRADLEY, Stephen Edward	F 4 Scenic Villas, Pokfulam, Hong Kong	British
CHAN, Cho Chak John, GBS, JP	Flat A, 7th floor, Glory Heights, 52 Lyttelton Road, Mid-levels, Hong Kong	Chinese
ETCHELLS, Paul Kenneth	3A Sakura Court, 58-60 Kennedy Road, Hong Kong	British
LIU, Sing Cheong	House 7 Severn Hill, 4 Severn Road, The Peak, Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Joint Sponsors <i>(in alphabetical order)</i>	Goldman Sachs (Asia) L.L.C. 68th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
	Morgan Stanley Asia Limited Level 46, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
Joint Lead Managers <i>(in alphabetical order)</i>	CLSA Limited 18th Floor, One Pacific Place 88 Queensway Hong Kong
	J.P. Morgan Securities (Asia Pacific) Limited 28/F, Chater House 8 Connaught Road Central Hong Kong
Financial adviser to the Company and Swire Pacific	Asia Pacific Advisers Limited Suite 610 One Pacific Place 88 Queensway Admiralty Hong Kong
Legal advisers to the Company and Swire Pacific	<i>as to Hong Kong and English laws (other than as to title to properties and other property matters):</i> Slaughter and May 47th Floor, Jardine House One Connaught Place Central Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Legal advisers to the Company

as to U.S. law:
Simpson Thacher & Bartlett LLP
35/F, ICBC Tower
3 Garden Road
Central
Hong Kong

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

as to titles to Hong Kong properties and other Hong Kong and PRC property related matters:
Mayer Brown JSM
16-19/F, Prince's Building
10 Chater Road
Central
Hong Kong

as to U.S. law relating to property matters:
Mayer Brown LLP
71 S. Wacker Drive
Chicago, IL 60606
USA

as to English law relating to property matters:
Mayer Brown International LLP
201 Bishopsgate
London EC2M 3AF
UK

Legal advisers to the Joint Sponsors and the Underwriters

as to Hong Kong, English and U.S. laws:
Freshfields Bruckhaus Deringer
11th Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

	<p><i>as to PRC law:</i> King & Wood 40th Floor, Tower A, Fortune Plaza 7 Dongsanhuan Middle Road Chaoyang District Beijing 100020 The People's Republic of China</p>
Auditors and Reporting Accountant	<p>PricewaterhouseCoopers <i>Certified Public Accountants</i> 22nd Floor, Prince's Building Central Hong Kong</p>
Property valuers	<p><i>As to all properties (other than Amalgamation Properties and certain of the U.K. properties):</i> DTZ Debenham Tie Leung Limited 16th Floor, Jardine House 1 Connaught Place Central Hong Kong</p> <p><i>As to certain of the U.K. properties:</i> Christie + Co 39 Victoria Street London SW1H 0EU United Kingdom</p>
Independent market consultant	<p>DTZ Debenham Tie Leung Limited 16th Floor, Fortis Centre 1063 King's Road Quarry Bay Hong Kong</p>
Receiving bankers	<p>Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong</p> <p>The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong</p> <p>Standard Chartered Bank (Hong Kong) Limited 15/F, Standard Chartered Tower 388 Kwun Tong Road Kwun Tong Hong Kong</p>

CORPORATE INFORMATION

Registered office	35th Floor, Two Pacific Place, 88 Queensway, Hong Kong
Company website	www.swireproperties.com (No information on the website forms part of this prospectus.)
Company secretary	FU, Yat Hung David
Authorised representatives	BREMIDGE, John Charles Godfrey 1A Eredine, 38 Mount Kellett Road, Hong Kong FU, Yat Hung David Flat 4A, Aurizon, 60 Moorsom Road, Jardine's Lookout, Hong Kong
Audit committee	CHAN, Cho Chak John ETCHELLS, Paul Kenneth (<i>chairman</i>) KILGOUR, Peter Alan
Remuneration committee	BRADLEY, Stephen Edward HUGHES-HALLETT, James Wyndham John, SBS (<i>chairman</i>) LIU, Sing Cheong
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong Bank of China 1 Fuxingmen Nei Dajie Beijing The People's Republic of China
Compliance adviser	Quam Capital Limited 32nd Floor, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong

INDUSTRY AND REGULATORY OVERVIEW

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

Hong Kong Overview

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

	2006	2007	2008	2009
GDP at current market prices (HK\$ billion)	1,475.4	1,615.5	1,675.2	1,633.5
Real GDP growth rate (%)	7.0	6.4	2.1	(2.7)
Per capita GDP (HK\$)	215,158	233,248	240,075	233,239
CPI (%)	2.0	2.0	4.3	0.5
Retail sales growth (%).....	7.2	12.8	10.6	0.6
Tourist arrival (’000 persons).....	25,251	28,169	29,507	29,591

Source: Hong Kong Census and Statistics Department, Hong Kong Tourism Board, 2009

2009 was a year of volatility for the Hong Kong economy. Although the economy contracted in the first quarter of 2009, government stimulus packages in the PRC and United States helped to cause a 2.9% growth in Hong Kong’s second quarter real GDP on a seasonally adjusted quarter-on-quarter basis. The increase was mainly attributable to growth in private consumption and exports of goods, which grew by 3.8% and 6.4% respectively in the quarter. The economy continued to improve for the rest of year, leading to a 2.3% real GDP growth in the last quarter of 2009. The growth in GDP in the last three quarters of 2009 however did not offset the fall in the first quarter, resulting in an overall fall in GDP of 2.7% from a year earlier.

INDUSTRY AND REGULATORY OVERVIEW

The labour market weakened during the first half of 2009, as the corporate sector reduced head count and cut back on hiring in the midst of the most severe recession since 1998. The seasonally adjusted unemployment rate posted a sharp jump, reaching a high of 5.4% in the middle of 2009. This was 1.3 percentage points above the level of 4.1% at the end of 2008. As the economy gradually regained strength, the unemployment situation exhibited a steady improvement, falling back to 4.9% at the end of 2009, below the 5% mark for the first time since early 2009.

Visitor arrivals grew by 0.3% in 2009 compared with 2008, with falls in European, U.S. and North Asia visitors offset in part by moderate growth in PRC visitor numbers and growth in visitors from emerging markets, especially India, Russia and the Middle East. This helped to stabilise the hotel market which was adversely affected by reduced business travel and convention business in 2009. Visitor numbers increased as the economy recovered, with the December 2009 figures showing growth of 10.0% over December 2008.

In 2009, consumer spending regained momentum as a result of the return to growth in the tourism market and the general economy. At the end of 2009, total retail sales had increased by 16.1% year-on-year to HK\$29.4 billion, while growth in the final quarter of 2009 was 12.8%, in line with the return to economic growth.

For 2009, foreign direct investment inflow to Hong Kong was HK\$375.6 billion. Due to the impact of the global financial crisis, this represented a decline of 19.1% year-on-year. As an international financial and logistics centre, Hong Kong has a sizeable international population. At the 2006 population bi-census, approximately 7.1% of Hong Kong residents were not of Chinese nationality, while a further 1.3% held either PRC or Republic of China citizenship, to imply a total expatriate population of 8.4%.

Per capita disposable income in Hong Kong is high by international standards, and continued to grow even during the downturn of 2009, although at a reduced rate of 1.7%. Per capita disposable income for the city stood at HK\$108,974 at the end of 2009, substantially higher than the PRC, and comparable to the level of developed countries around the world.

	2006	2007	2008	2009
Median monthly household income (HK\$).....	17,000	17,700	18,350	17,650
Urban population ('000).....	6,910	6,953	6,989	7,026

Source: *Hong Kong Census and Statistics Department, 2009*

Hong Kong Office Market Overview

Private office stock at the end of 2009 amounted to approximately 113.3 million square feet, of which 70.7 million square feet or 62.4% consisted of Grade A office space. The Eastern, Central and Western districts contained approximately 27.9 million square feet or 39.5% of the total Grade A office stock in Hong Kong, making these two districts two of the largest sources of Grade A office stock in Hong Kong.

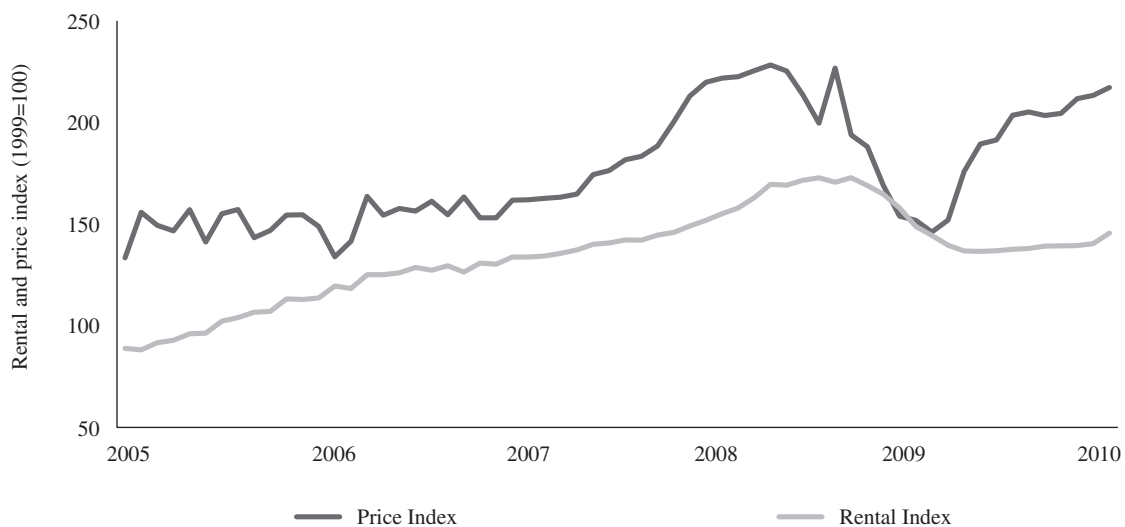
Given the limited supply of land in Hong Kong, Grade A office supply has historically been limited particularly in the central business district on Hong Kong Island. The Hong Kong Rating and Valuation Department expects new completions of Grade A office space in 2010 to be 1.2 million

INDUSTRY AND REGULATORY OVERVIEW

square feet, all of which will be in non core districts with Kowloon providing approximately 70% of the anticipated supply. In 2011, Grade A office completions are expected to be 1.1 million square feet, the majority of which will be in Kwun Tong.

Vacancy and take up rates for Grade A office through 2009 were 11.5% and approximately negative 767,000 square feet respectively. Vacancy rates were higher primarily due to weak demand for office space during the first half of 2009 as a result of the global financial crisis. Many tenants and potential tenants either reduced office exposure by allowing tenancy contracts to lapse or delayed entering into tenancy contracts until the economic outlook improved. The negative take up in 2009 resulted in a net decrease in occupied floor space over 2008.

Rental and price indices for Grade A office



Source: Hong Kong Rating and Valuation Department, 2009 and 2010

As a result primarily of increased demand, Hong Kong Grade A office rental rates have seen significant growth over the past few years. During the period January 2005 to February 2010, the Grade A rental index compiled by the Hong Kong Rating and Valuation Department experienced an average annual growth rate of approximately 10.4%. Due primarily to the lack of Grade A offices for sale and low interest rates, the price index over the comparative period has also experienced an average annual growth rate of approximately 10.2%.

After decreasing for ten months, Grade A office rents stabilised in the second half of 2009. The rental index for Grade A office space showed signs of resilience and although provisional figures for the second half of 2009 are still below the corresponding period in 2008, the index has risen over 6% since the low in June 2009. The Grade A office price index continued its downward trend from the last quarter of 2008 but increased in the second quarter of 2009, recouping the loss accumulated since the outbreak of the global financial crisis. Grade A office prices in the last quarter of 2009 were 12% higher than in the last quarter of 2008. Average monthly rentals for Grade A offices in the Central and Eastern district in February 2010 were HK\$66.0 and HK\$31.1 per square foot respectively.

INDUSTRY AND REGULATORY OVERVIEW

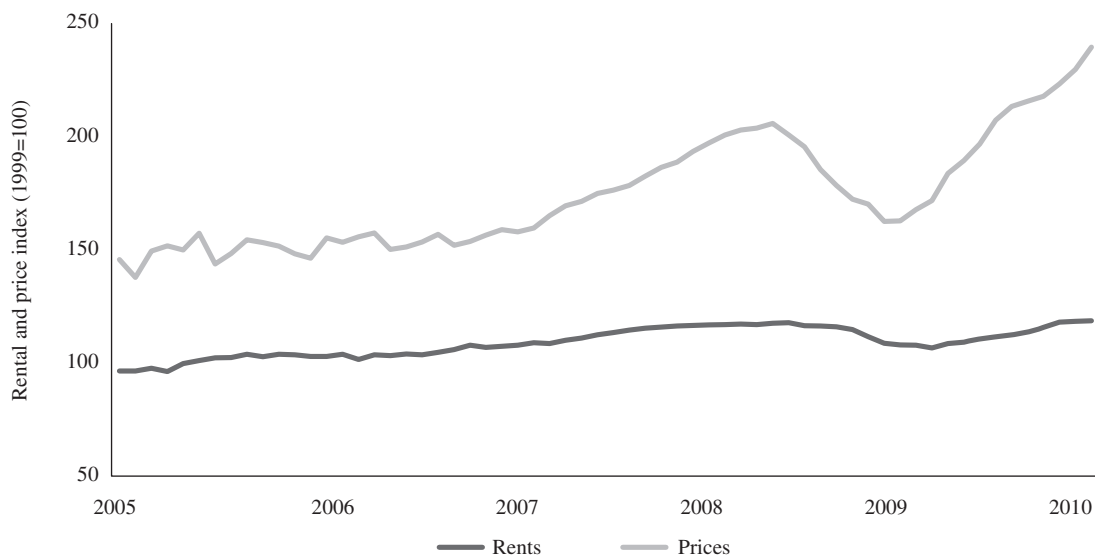
Hong Kong Retail Market Overview

The retail sector consisted of 115 million square feet of stock at the end of 2009. Although the stock of the retail sector is of a similar size to the office sector, there is a greater spread amongst geographic locations, with 29% of the total space on Hong Kong Island, 41% in Kowloon and 30% in the New Territories.

New retail completions in 2009 were 0.9 million square feet, exceeding the 2008 level by 71%. Almost all of these were in the Kowloon area, with the majority being in Tsim Sha Tsui. A further 0.9 million square feet and 0.6 million square feet of retail space are expected to be completed in 2010 and 2011 respectively. Given the lack of available land, only a small amount of the new completions in 2010 and 2011 will be on Hong Kong Island, with the bulk still expected to be in Kowloon and the New Territories.

Although the 2009 vacancy rate for retail premises remained steady at 8.7%, the same level as 2008, new take up amounted to approximately 0.5 million square feet, a marked improvement over 2008 when the take up figure was negative.

Rental and price indices for retail sector



Source: Hong Kong Rating and Valuation Department, 2009 and 2010

The trends of rental and prices in the retail market during 2009 were more robust than that of the office market. As has historically been the case, rental rates in 2009 were less volatile than sale and purchase prices. However the contrast in 2009 was more significant than normal. The rental index increased 8.6% during 2009 whilst the price index increased by 37.4% over the same period. Average monthly rentals for retail premises in Hong Kong Island and Kowloon district in February 2010 were HK\$101.0 and HK\$94.7 per square foot respectively.

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Mainland China Overview

According to the Economic Intelligence Unit, Mainland China's economy is the second largest (by GDP) in the world. Unlike some of the world's other large economies, the Mainland China economy has been relatively resilient in the face of the global economic crisis over the past 12 to 18 months. The country's economic growth has slowed somewhat over this period, as weakness in Mainland China's major trading partners affected the important export sector. As the global economy recovers, Mainland China's economic growth is likely to remain strong, reflecting government spending and development of the inland provinces. Various governmental forecasts for Mainland China's economic growth are over 8.0% annually for 2010 and beyond. Although the growth rates are below the double digit rates experienced in the 1990s and the earlier years of this decade, they are from a larger base.

	2006	2007	2008	2009
GDP at current market prices (RMB billion)	21,631.4	26,581.0	31,404.5	33,535.3
Real GDP Growth Rate (%) ⁽¹⁾	11.6	13.0	9.0	8.7
Per capita GDP (RMB)	16,165.0	19,524.0	22,698.0	25,125.0
CPI (%)	1.5	4.8	5.9	(0.7)
Retail Sales Growth (%)	13.7	16.8	21.6	15.5
Tourist Arrival ('000 persons)	22,210.0	26,110.0	24,325.0	21,937.5

Source: National Bureau of Statistics of China, China National Tourism Administration, 2009

Note: (1) Calculated at constant prices

Retail sales in Mainland China have continued to record strong growth amid the global financial crisis. Growth in retail sales largely reflect urbanisation in Mainland China, as the propensity to consume of urban households is higher than that of rural households. In 2009, per capita annual consumption expenditure of urban households was RMB12,265. The growing urban population in Mainland China is expected to continue to support the growth of retail sales.

As many cities on the coast of Mainland China are already reaching living standards close to those in OECD countries, middle-class households with strong purchasing power have emerged, representing a great market potential for high-end consumer goods.

INDUSTRY AND REGULATORY OVERVIEW

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

Demographic information

	2006	2007	2008	2009
Per capita disposable income				
(urban households, RMB/year)				
- Guangzhou	11,759.0	13,786.0	15,781.0	17,175.0
- Shanghai	19,850.7	22,469.2	25,316.7	27,609.6
- Beijing	20,668.0	23,622.7	26,674.9	28,837.8
- Chengdu	19,978.0	21,989.0	24,725.0	28,165.2
Urban population (million)	12,789.4	14,849.2	16,942.6	18,659.4
	557.0	593.0	606.0	621.9

Source: National Bureau of Statistics of China, 2009

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

Mainland China has the highest population of any country in the world. At the end of 2009, it had a total population of 1.33 billion people, of which almost 47% lived in urban areas. While population growth has slowed to less than 1% per year since the late 1990s, the urban population (which is the cornerstone of Mainland Chinese consumer demand) continues to grow. Urbanisation is increasing at a high pace and has helped maintain Mainland China's economic growth. The urban population has been growing at approximately 3.9% annually between 1991 and 2009.

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

INDUSTRY AND REGULATORY OVERVIEW

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

Shanghai is the financial centre and shipping hub of Mainland China. Given Shanghai's status as one of the most developed cities in Mainland China and the city hosting the World Expo in 2010, Shanghai should continue to attract multinational companies and drive demand for high quality office, serviced apartments and hotel space.

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

Mainland China's Property Market Overview

Investment in real estate development has increased at a compound annual growth rate of 27% over the last five years. Construction of floor space commenced during 2009 was more than double that of 2002.

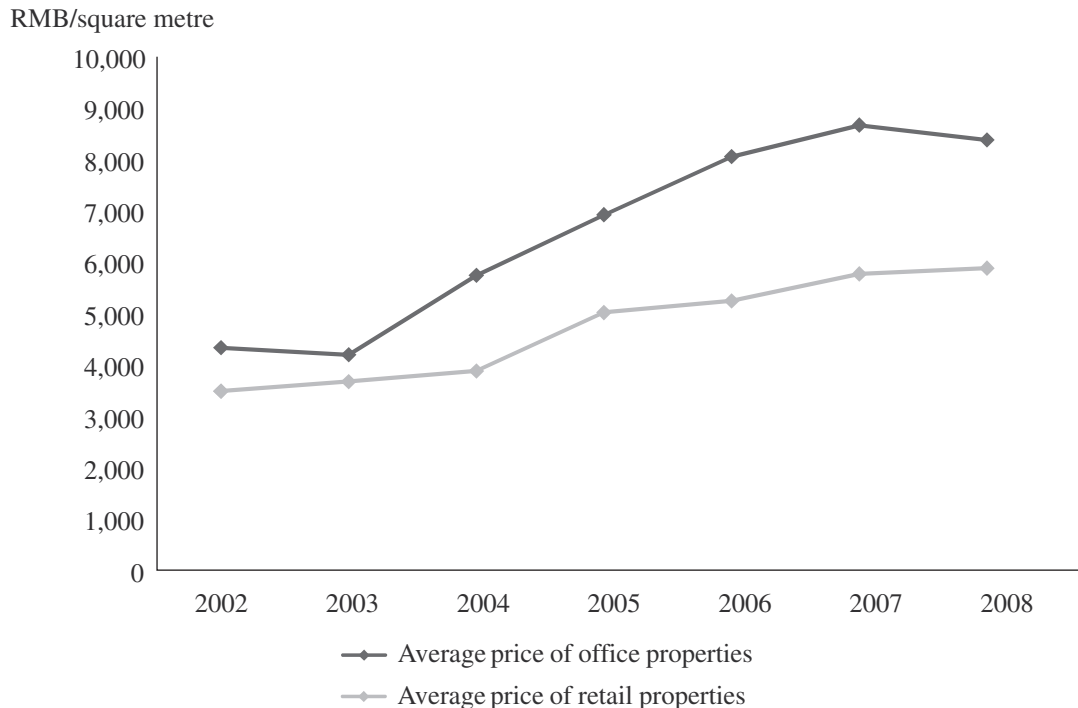
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Investment in real estate (RMB billion)	779.1	1,015.4	1,315.8	1,590.9	1,942.3	2,528.9	3,120.3	3,623.2
Construction of floor space commenced during the year (million square metres)	428.0	547.1	622.2	680.6	792.5	954.0	1,025.5	1,153.9

Source: National Bureau of Statistics of China, 2009

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Average prices for both retail and office properties rose between 2002 and 2008 as demand for real estate from local and foreign investors increased.

**Mainland China Property Market - Average retail and office sale prices
(RMB per square metre)**



Source: National Bureau of Statistics of China, 2008

Key Influences on Mainland China's Property Market

1. Government Policies

Real estate development and investment has been a major source of income for the PRC government. Real estate is a major target for speculative investment by individual and institutional investors. Property prices have been volatile in the last few years, especially between 2008 and 2009. In this environment there are currently concerns about overheating in the Mainland China real estate market, leading to increased pressure for the PRC government to introduce policies to rein in speculation.

Excess liquidity available from the PRC government's loose monetary policy is one of the causes of speculative property investment. The government is therefore trying to restrict the amount of loans from banks available for developers and individual investors, in order to cool down property speculation.

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2. *Mainland China's Entry into WTO*

As Mainland China further liberalises its industries pursuant to its WTO obligations, it is expected that more foreign companies will establish presence or expand their operations in the PRC, resulting in an increase in the expatriate work force. This is likely to result in rising demand for properties in general.

3. *Rising Disposable Incomes*

Average annual disposable income per capita of urban households increased at a compound annual rate of 11.8% between 2000 and 2009, rising from RMB6,280 to RMB17,175. Increased purchasing power is also demonstrated by the rising annual per capita consumption expenditure of city residents, which is a positive sign for the property and retail markets.

4. *Urbanisation*

Mainland China's urbanisation rate in 2009 was 47%. The PRC government estimates that the urbanisation rate will reach 50% in 2020 and 70% by 2050. If this happens, it is expected to create greater demand for properties and greater retail demand in the cities.

5. *Housing Reform*

Since its inception in 1998, housing reform has been effective in increasing local real estate ownership levels. Prior to the reform, most people in Mainland China's urban areas occupied housing under the welfare housing system under which the PRC government heavily subsidises urban residents. However, under the reform such subsidised housing is being phased out and workers have been encouraged to buy their own houses, or pay rents at rates closer to prevailing market levels. This has contributed to greater demand for owner-occupied properties.

INDUSTRY AND REGULATORY OVERVIEW

Key Real Estate Markets

The Company has projects in three cities, and representative offices in four cities in the PRC (Beijing, Shanghai, Guangzhou and Chengdu) all of which were ranked among the top six cities measured by real estate investment in the PRC in 2008.

Rank	City	Population 2008 (million)	Average Annual Wage (RMB)	Gross Regional Product (RMB million)	Real Estate Investment (RMB million)
1	Beijing	13.0	56,328	1,048,810	190,873
2	Shanghai	13.9	56,565	1,369,820	143,573
3	Shenyang	7.1	33,546	386,050	101,091
4	Chongqing	32.6	26,985	509,670	99,099
5	Chengdu	11.3	30,810	390,000	92,351
6	Guangzhou	7.8	45,702	821,580	76,353
7	Tianjin	9.7	41,394	635,440	65,372
8	Hangzhou	6.8	40,193	478,120	61,540
9	Hefei	4.9	30,401	166,480	56,716
10	Wuhan	8.3	28,431	396,010	56,036

Source: National Bureau of Statistics of China, 2008

REGULATORY OVERVIEW OF THE HONG KONG PROPERTY INDUSTRY

(a) The Land System in Hong Kong

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

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

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

Government land in Hong Kong is normally disposed of by way of public auction or tender under which the Hong Kong government sells the land to the highest bidder or tenderer for a premium. Sites are made available under an application system. Under this system, the government publishes lists of sites available for sale upon application. Sites on a list are only put up for public sale if there is a firm

INDUSTRY AND REGULATORY OVERVIEW

offer to buy the sites at a premium acceptable to the Hong Kong government. The applicant has to sign an agreement with the Hong Kong government and pay a deposit equivalent to the greater of 5% of the minimum price he is prepared to pay for the site and HK\$25 million. An applicant whose minimum bid for a site is acceptable to the Hong Kong government still has to compete with others in an open auction or tender for the site. The Hong Kong government has recently announced that in addition to this system, it will introduce a government-initiated land auction or tender system in a limited way in order to increase land supply, and this will be in respect of specific urban residential sites, even if the sites have not been triggered for sale under the application list system.

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

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

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

(d) Compulsory Acquisition Process

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

- (i) the owner has already acquired not less than 90% of the undivided shares in the lot;

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- (ii) redevelopment is justified due to the age or state of repair of the building; and
- (iii) the owner has taken reasonable steps to acquire all the undivided shares in the lot (including negotiating for the purchase of the shares owned by a minority owner on terms that are fair and reasonable).

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

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

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

(e) Occupation Permit

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

(f) Government lease terms

The terms of Government leases vary. At various times in the past, government leases have been granted for periods of 75, 99 or 999 years with or without a right of renewal. Government leases or government grants are now usually granted for a term of 50 years. In the New Territories, pursuant to the New Territories Lease (Extension) Ordinance (Chapter 150 of the Laws of Hong Kong), with the exception of short term tenancies and leases for special purposes, the terms of government leases have been automatically extended until June 30, 2047, without payment of further premium, although the annual government rent payable to the Hong Kong government from the date of extension will be adjusted to the equivalent of 3.0% of the rateable value of the land from time to time. Since 1st July 1997 when Hong Kong became the Hong Kong Special Administrative Region (the “**HKSAR**”) of the People’s Republic of China, the Basic Law of the HKSAR (the “**Basic Law**”) applies to Hong Kong.

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

REGULATORY OVERVIEW OF THE PRC PROPERTY INDUSTRY

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

Land acquisition

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

Demolition and Removal

Demolition and removal are regulated by the Regulations for the Administration of Demolition and Removal of Urban Housing 《城市房屋拆遷管理條例》, which were promulgated by the State Council in June 2001. These regulations set forth requirements and procedures for housing demolition and removal. During the demolition and removing period announced by the department in charge of demolition and removal, the demolishing and removal party and the parties subject to demolition and

INDUSTRY AND REGULATORY OVERVIEW

removal are required to enter into an agreement for compensation and relocation in respect of the demolition and removal. For further information on these regulations, see the section headed “Demolition and Removal” in Appendix VI “Summary of PRC Laws and Regulations Relating to the Property Sector” to this prospectus. In January 2010, a draft of the Rules for the Expropriation and Reimbursement for buildings on state-owned land was published by the Legislative Affairs Office of the State Council of PRC for comments. See the section headed “Risk Factors — Risks Relating to the PRC and Hong Kong” in this prospectus.

Idle Land

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

The city- or county-level land administrative department shall, after a piece of land which has been determined to be idle land, notify the land user and draft a proposal on the methods of disposal of the idle land, including but not limited to extending the time period for development and construction (provided that the extension shall be no longer than one year), changing the use of the land, arranging for temporary use, ascertaining a new land user by competitive bidding and public auction. The administrative department of land under the government of city or county level shall, after the proposal on disposal of idle land has been approved by the government which originally approved the use of the land, arrange for implementation of the proposal. As regards any idle land which is obtained by grant and is within the scope of city planning, if the work has not commenced after one year from the prescribed date of commencement, a surcharge on the idle land equivalent to less than 20% of the grant premium may be levied; if the work has not commenced within two years from the prescribed date of commencement, the land can be confiscated without compensation. However, the preceding stipulations shall not apply if the delay is caused by force majeure, acts of government or acts of other relevant departments under the government, or by the indispensable preliminary work.

Leases of Buildings

The Measures for Administration of Leasing of Urban Buildings permit property owners to lease their properties to others for residential or commercial uses except as otherwise prohibited by applicable law. The lease agreement should be registered with the relevant real estate administration authority within 30 days after its execution. The Supreme People’s Court of the PRC recently issued

INDUSTRY AND REGULATORY OVERVIEW

a clarification to the effect that courts should not uphold a claim that a building leasing contract is invalid due to the failure of registration. For further information on these measures, see the section headed “Leases of Buildings” in Appendix VI “Summary of PRC Laws and Regulations Relating to the Property Sector” to this prospectus.

Real Estate Financing

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

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

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

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

- prohibit commercial banks from lending to projects with an internal capital ratio (owners’ equity) of less than 35%, or without a land use rights certificate, construction land use planning permit, construction planning permit and construction permit;
- prohibit commercial banks from lending to property developers solely for the payment of land premium; and

INDUSTRY AND REGULATORY OVERVIEW

- require commercial properties purchased with loans to have been completed and passed the completion acceptance inspection.

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

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

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

Ability to Obtain Offshore Financing

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

INDUSTRY AND REGULATORY OVERVIEW

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

On 18th March 2010, the State-owned Assets Supervision and Administration Commission (“SASAC”) announced that state-owned enterprises whose primary business does not involve real estate will be required to cease investing in real estate upon the completion of their current real estate projects. The Company has received legal advice that such restriction does not apply to Sino-Ocean Land. Accordingly, the Company is of the view that such restriction will not have any impact on the Company’s business, including its joint venture with Sino-Ocean Land in respect of the INDIGO project and its strategic partnership with Sino-Ocean Land.

HISTORY AND REORGANISATION

HISTORY

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

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

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

Spin-off by Swire Pacific

On 11th February 2010, Swire Pacific announced that on 20th January 2010 it had submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules (“**PN15**”) in relation to the proposed disposal of part of its interest in the Company by way of a separate listing of the Shares on the Main Board of the Stock Exchange (the “**Spin-off**”) and that the Stock Exchange had confirmed that Swire Pacific may proceed with the Spin-off. In the same announcement (the “**PN15 Announcement**”), Swire Pacific announced that the reduction of its shareholding interest in the Company following completion of the Spin-off is expected to constitute a discloseable transaction of Swire Pacific under the Listing Rules and accordingly no shareholders approval is expected to be required.

In the PN15 Announcement, Swire Pacific stated that it considers that the Spin-off is in the interests of Swire Pacific and its subsidiaries (including the Group) and the shareholders of Swire Pacific taken as a whole as:

- (1) the Spin-off will enable the Company to raise capital through the Global Offering. Part of such capital is expected to be used to fund the investments of the Company in property projects in Hong Kong and the PRC. Another part of such capital will be used to repay indebtedness owed by the Company to a financing subsidiary of Swire Pacific and will be available for investment by Swire Pacific in its non-property businesses;
- (2) following the Listing, the Company will be able to raise further capital from the equity capital market in the future should the need arise; and
- (3) the expansion of the business of the Company will in turn benefit Swire Pacific as Swire Pacific will remain a holding company of the Company after the Listing.

On 18th April 2010, Swire Pacific announced that in accordance with the requirements of PN15, it proposes to give due regard to the interests of its shareholders by providing qualifying shareholders with an assured entitlement to the Shares by way of a distribution in specie of the Shares if the Spin-off proceeds. Details of the Swire Pacific Distribution are set out in the section headed “Structure of the Global Offering — The Swire Pacific Distribution” in this prospectus.

HISTORY AND REORGANISATION

REORGANISATION

In preparation for the Global Offering, we underwent a reorganisation as detailed below.

Acquisition of U.S. properties

On 25th January 2010, the Company allotted 1,108,132,451 ordinary shares of HK\$1.00 each credited as fully paid up to Swire Pacific in consideration of the receipt of the following assets valued in total at US\$142,068,263 (equivalent to HK\$1,108,132,451):

- (a) Swire Properties US Inc. stock of US\$26,920,234 (equivalent to HK\$209,977,825);
- (b) Swire Properties One Inc. stock of US\$45,548,029 (equivalent to HK\$355,274,626); and
- (c) loan notes due by Swire Properties US Inc. totalling US\$69,600,000 (equivalent to HK\$542,880,000).

The Company's acquisition of the above assets was not subject to any requirement for the approval of the shareholders of Swire Pacific under the Listing Rules.

Swire Properties US Inc. and Swire Properties One Inc. and their respective subsidiaries hold the following properties (or interests in properties) in the U.S.:

- (a) a 75% shareholding interest in Swire Brickell Key Hotel Ltd, which owns the Mandarin Oriental, a 326-room hotel located in South Brickell Key, Miami, Florida. The Company's investment in Swire Brickell Key Hotel Ltd is accounted for as an interest in a jointly controlled company;
- (b) 43 condominium units and a portion of the 2-storey parking garage in ASIA, 900 Brickell Key, Miami, Florida. ASIA is a 36-storey residential condominium tower comprising 123 units with a 2-storey parking garage. 80 units have been sold and delivered as at 31st March 2010;
- (c) South Brickell Key Land, Miami, Florida, which is a development site situated in Brickell Key;
- (d) a 75% interest in a joint venture which owns a development site including a small 12,000 square feet office building in Fort Lauderdale, Florida; and
- (e) Brickell CitiCentre which is a development site in Central Miami.

Capitalisation of inter-company debt

On 31st December 2009, the Company issued 3,969,615,000 Shares at par to capitalise all of the inter-company debt owed to Swire Pacific in the amount of HK\$3,969,615,000.

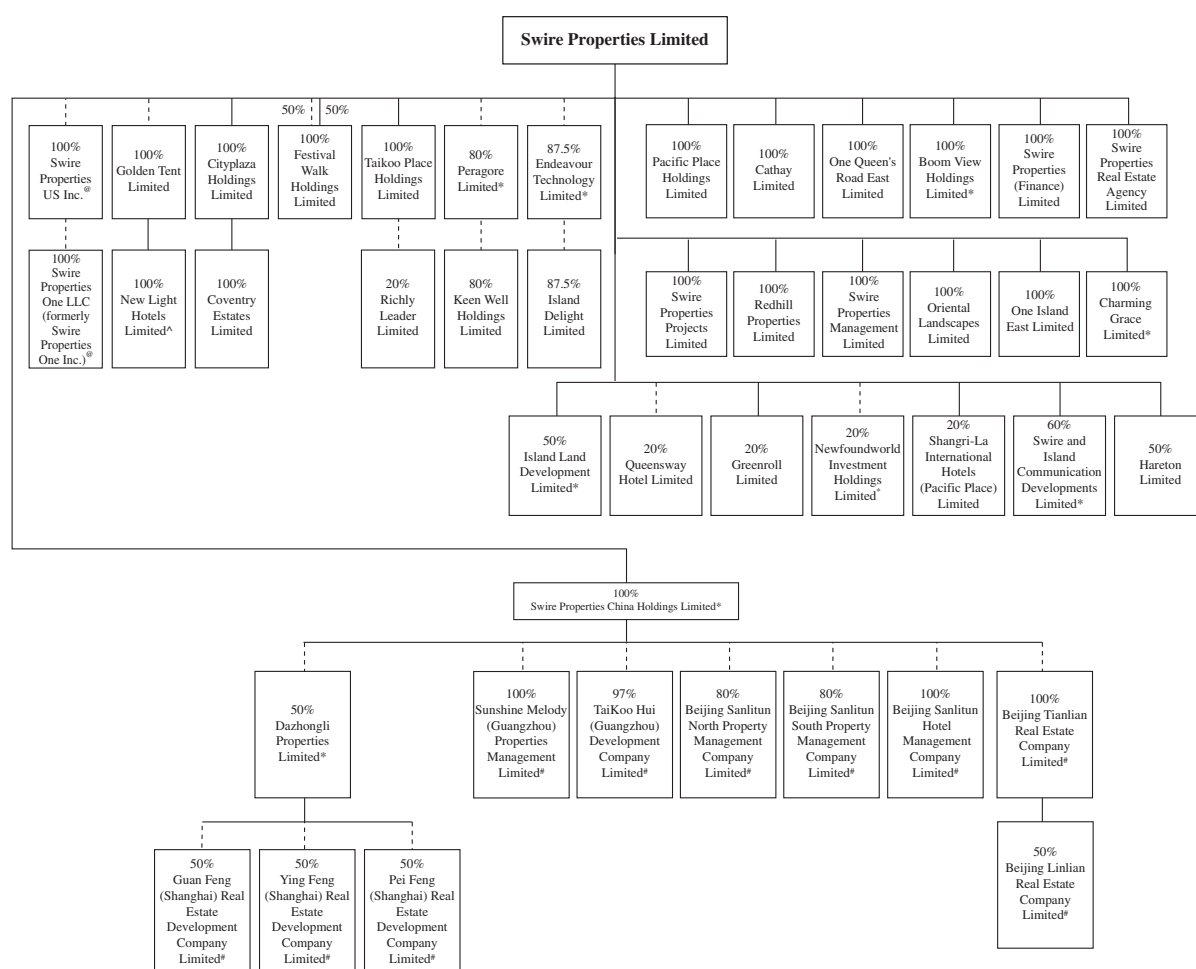
HISTORY AND REORGANISATION

Capitalisation of retained profit

Pursuant to a Directors' resolution passed as of 31st January 2010, a further 216,007 Shares credited as fully paid were allotted to Swire Pacific on capitalisation of retained profit of HK\$216,007.

CORPORATE STRUCTURE

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



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

* incorporated in the British Virgin Islands * incorporated in the PRC ^ incorporated in the United Kingdom @ incorporated in the U.S.

— direct ownership

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

BUSINESS

OVERVIEW

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

COMPETITIVE STRENGTHS

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

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

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

Our strengths and capabilities in developing and managing transformational projects have been refined over more than 35 years. In Hong Kong, our projects include Pacific Place, TaiKoo Place, Cityplaza and Festival Walk.

- **Hong Kong 1970s**

We transformed Taikoo Dockyard into Taikoo Shing in Quarry Bay, a residential project comprising over 12,000 units, and started developing Cityplaza, a major retail mall which includes an office component.

- **Hong Kong 1980s**

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

- **Hong Kong 1990s**

We transformed a low density residential area with the Festival Walk development in Kowloon Tong, where we had identified latent demand for a high quality retail complex.

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

BUSINESS

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

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

We completed the transformation of an area adjacent to an embassy district in Beijing into Sanlitun Village. This development is reshaping the Sanlitun area by introducing a modern, cosmopolitan element to a popular area of Beijing.

We continued to extend our core investment portfolio. At Island East (the collective name for our Quarry Bay and Taikoo Shing properties), we completed the One Island East office tower and opened the EAST, Hong Kong hotel. We extended Pacific Place with the addition of Three Pacific Place and opened The Upper House.

Ability to secure new projects and source land in prime locations

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

Our joint venture partners to date in the PRC are Guangzhou Da Yang Real Estate Development Company (under the Guangzhou Daily Group) (in relation to the TaiKoo Hui development in Guangzhou), HKR International (in relation to the Dazhongli development in Shanghai), GC Acquisitions VI Limited (managed by Gaw Capital Partners) (in relation to Sanlitun Village in Beijing) and Sino-Ocean Land (in relation to the INDIGO project in Beijing). In March 2010, we entered into a strategic partnership framework agreement with Sino-Ocean Land to explore and acquire new development opportunities in the PRC. Under the strategic partnership framework agreement (which is for a term of three years from its date), Sino-Ocean Land and we agree to adopt the model used in our joint venture in respect of the INDIGO project for the development of property projects. The strategic partnership framework agreement does not prevent either party from entering into similar arrangements with any other persons.

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

As part of our strategy, we intend to expand our operations into Chengdu, the PRC. We believe the Dacisi Road Site and Dong Da Street Plot 9, located in the well-known Chun Xi Road shopping area and the planned financial street respectively in Jin Jiang District, may be listed for auction in the second quarter of 2010. The total site area is expected to be approximately 78,000 square metres. We intend to bid for these sites through a 50/50 joint venture with Sino-Ocean Land if the sites are listed for auction, subject to a review of the auction details. If we are successful in our bid, our proposed development is expected to comprise a major retail facility, an office tower and a hotel with a total GFA of approximately 200,000 square metres, together with approximately 1,750 car parking spaces.

BUSINESS

A strong brand and a reputation as a landlord of choice

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

We believe that our success in obtaining and retaining tenants reflects our long experience of managing high quality properties. We believe that we are a landlord of choice and that, assisted by the Swire brand, we have earned a reputation for owning premium quality properties and providing premium quality management.

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

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

We refurbish, enhance and reinforce our property assets with a view to attracting and retaining tenants. For example, we recently converted serviced apartments into The Upper House hotel above Pacific Place and are investing HK\$2.1 billion in the Pacific Place contemporisation project, which is intended to enhance both the interior and the exterior of the retail mall.

We believe that our long standing tenant relationships and the strength of the Swire brand provide us with a significant competitive advantage as we expand into the PRC and lease our projects there. Our tenants in Hong Kong who plan to expand into the PRC can be confident of benefiting from the same high standards in the PRC as we maintain in Hong Kong. We believe this is reflected in the successful pre-leasing of the TaiKoo Hui development, which is expected to open in late 2010. At 31st March 2010, the retail portion of the TaiKoo Hui development was approximately 81% leased and the office portion was approximately 43% leased.

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

We are committed to high standards of corporate governance. Our management includes real estate professionals with many years of experience in developing managing and enhancing large scale properties. We offer to real estate professionals a dynamic work environment, varied career development opportunities and a reward system that is aligned to long term performance. Our professionals stay with us for a long time. This assists in maintaining a consistent approach to the conception, planning and execution of new projects and to the provision of high quality services at completed projects. Our staff include experienced operational teams which we deploy as necessary to our individual properties.

Well-positioned to take advantage of attractive expansion opportunities

Following the Global Offering, we expect to have the financial flexibility to fund our expansion in the PRC and Hong Kong and the ability to take advantage of attractive investment opportunities as they arise. In addition, our balance sheet will be bolstered by the stable and recurring rental income derived from our existing investment property portfolio.

BUSINESS

KEY BUSINESS STRATEGIES

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

Continue to create value through transformational projects

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

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

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

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

Maximise the earnings potential of our completed properties through active asset management, high quality tenant service and asset improvements

We intend to manage our completed properties actively, maintain consistently high levels of service and enhance and reinforce our assets. By doing so we believe that we will maximise the occupancy and earnings potential of our properties.

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

BUSINESS

Remain focused principally on Hong Kong and the PRC

- **Hong Kong**

We will continue to seek opportunities to develop new sites and acquire further investment properties in the commercial, retail and residential sectors.

We aim to continue to develop our residential land bank.

We intend to continue to enhance our existing assets, recent examples of such enhancements being The Upper House hotel above Pacific Place and EAST, Hong Kong hotel in Taikoo Shing. We will continue to seek opportunities to expand our existing projects by the development and integration of adjoining sites. Recent and current examples of this type of activity are our One Island East, Three Pacific Place, 24-34 Hennessy Road and 5 Star Street developments.

- **PRC**

We aim to replicate in the PRC the success which we have enjoyed in Hong Kong. Over the last eight years, we have, in a measured manner, built up a high quality portfolio consisting of four large scale and well located mixed use projects. We have been in the PRC since 2002, when, with strong support from our joint venture partner, we started to develop independently the TaiKoo Hui project in Guangzhou. Since then we have made three further investments in the PRC. In 2006, we acquired a 50% interest in the Dazhongli project in Shanghai. In 2007, we acquired an 80% interest in Sanlitun Village in Beijing and in 2008 we acquired a 50% interest in the INDIGO development in Jiang Tai in Beijing. In building up this portfolio, we believe that we have gained valuable experience which will help us to generate further growth for our PRC business.

In pursuit of our aims in the PRC, we will continue to seek to acquire prime sites at public auction or by private negotiation and on our own or in joint venture with other parties. We will continue to talk to local governments about the development of areas which we believe will lend themselves to our large scale and transformational projects.

We will continue to seek suitable joint ventures, for single projects and for broader long term cooperation.

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

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

BUSINESS

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

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

Manage our capital base conservatively

We intend to maintain a strong balance sheet with a view to investing in our projects in a disciplined and targeted manner. After the Global Offering, we expect our gearing to be low and we may choose to reduce debt further in order to manage the cost associated with carrying substantial cash balances.

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

OUR PROPERTY PORTFOLIO

Overview

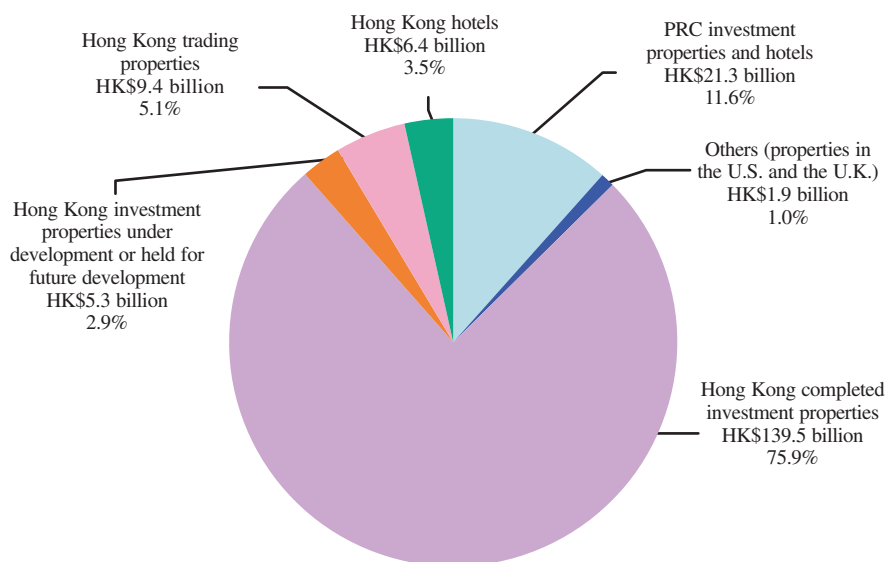
We own a substantial portfolio of predominantly commercial mixed use properties in prime locations, with an aggregate GFA attributable to the Group of approximately 27.1 million square feet and a total value of HK\$183.8 billion as at 31st March 2010.

The chart below breaks down our property portfolio by type of property, on the basis of values attributable to the Group as at 31st March 2010.

BUSINESS

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

Property portfolio composition by type and location
(based on values attributable to the Group as at 31st March 2010)



Out of the aggregate GFA attributable to the Group of approximately 27.1 million square feet, approximately 23.2 million square feet are investment properties, comprising completed investment properties of approximately 16.6 million square feet of GFA and investment properties under development or held for future development of 6.6 million square feet of GFA as at 31st March 2010. In Hong Kong, this investment property portfolio comprises approximately 15.1 million square feet of GFA attributable to the Group of primarily Grade A office and retail premises in prime locations as well as hotel interests, serviced apartments and other luxury residential accommodation. In the PRC, we have interests in four major commercial mixed use developments in prime locations in Beijing, Shanghai and Guangzhou, which are expected to comprise approximately 7.7 million square feet of attributable GFA on completion. Outside Hong Kong and the PRC, our investment property portfolio includes interests in hotels in the United States and the U.K..

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

BUSINESS

Investment properties

The tables below illustrate the GFA (attributable to the Group) of our investment property portfolio as at 31st March 2010.

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

	Office	Retail	Hotels	Residential	Total
Hong Kong	10.3	3.3	0.8	0.5	14.9
PRC	0.0	1.1	0.2	0.0	1.3
Others	0.0	0.0	0.4	0.0	0.4
TOTAL	10.3	4.4	1.4	0.5	16.6

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

	Office	Retail	Hotels	Residential	Total
Hong Kong	0.2	0.0	0.0	0.0	0.2
PRC	2.9	2.4	1.0	0.1	6.4
TOTAL	3.1	2.4	1.0	0.1	6.6

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

	Office	Retail	Hotels	Residential	Total
TOTAL	13.4	6.8	2.4	0.6	23.2

Trading properties

We are also involved in property trading activities in Hong Kong and the United States. Our trading property portfolio includes land and apartments under development in Hong Kong and Florida, United States. It also includes the remaining units for sale at ASIA residential developments in Miami, United States and our beneficial interest, pursuant to a development agreement, in Island Lodge, respectively, both of which were completed during 2008.

BUSINESS

The table below illustrates the GFA (or expected GFA) attributable to the Group of our trading property portfolio as at 31st March 2010:

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

	<u>Completed</u>	<u>Under development or held for future development</u>	<u>Total</u>
Hong Kong	0.0	1.0	1.0
U.S.	<u>0.1</u>	<u>2.8</u>	<u>2.9</u>
TOTAL	<u><u>0.1</u></u>	<u><u>3.8</u></u>	<u><u>3.9</u></u>

Classifications of our properties

In this prospectus, unless the context requires otherwise:

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

COMPLETED INVESTMENT PROPERTY PORTFOLIO

Our completed investment property portfolio comprised an aggregate GFA attributable to the Group of approximately 16.6 million square feet as at 31st March 2010. Our completed investment properties mainly comprise Grade A office space in Hong Kong, upmarket shopping malls located in prime locations in Hong Kong and the PRC, and hotels in Hong Kong, the PRC, the United States and the United Kingdom.

The table below sets forth the GFA and other information of the principal properties in our completed investment property portfolio as at 31st March 2010. Information in the table below in respect of each property (other than its valuation) is disclosed in respect of 100% of that property and not on an attributable basis, regardless of whether the property is held through a member of the Group or a jointly controlled or associated company. Valuations in the table below in respect of each property are disclosed on an attributable basis. In this prospectus, unless the context otherwise requires, (a) hotels are treated as investment properties even though they are not so treated for the purposes of our accounts and (b) the Techno-centres are treated as office properties.

BUSINESS

PRINCIPAL COMPLETED PROPERTIES FOR INVESTMENT

Hong Kong

Name of project	GFA (in sq.ft.)	LFA (in sq.ft.)	Number of hotel rooms	Number of car parks	Attributable to the Group (%)	Tenure (year of leasehold expiry)	Year completed	Attributable independent valuation as at 31st March 2010 (HK\$ million)	Average occupancy rate in 2009 ⁽¹⁾ (%)	Average effective rent (per square foot) for retail and office and RevPAR for hotels in 2009 (HK\$)
Mixed use Projects										
Pacific Place										
Office ⁽²⁾	2,186,433	1,867,834	N/A	111 ⁽³⁾	100.0	2047-2852 ⁽⁴⁾	1988-2007 ⁽⁵⁾	38,316	98.0	62.4
Retail ⁽⁶⁾	711,182	465,909	N/A	470	100.0	2047/2135 ⁽⁷⁾	1988-1990	20,685	100.0	137.8
Apartments	443,075	442,800	270 ⁽⁸⁾	—	100.0	2047	1990	6,360	84.0	53.0
Hotel - The Upper House	158,738	N/A	117	—	100.0	2135	2009	2,460	43.9	1,740
Other hotels ⁽⁹⁾	1,687,222	N/A	1,680	—	20.0	2047/2135 ⁽¹⁰⁾	1988-1991 ⁽¹¹⁾	2,550	N/A	N/A
Festival Walk										
Festival Walk Tower	228,665	213,982	N/A	830 ⁽¹²⁾	100.0	2047	1998	1,453	98.7	30.5
Festival Walk (retail)	980,089	581,095	N/A	—	100.0	2047	1998	14,455	100.0	94.4
TaiKoo Place										
One Island East	1,537,011	1,244,498	N/A	—	100.0	2881/2899 ⁽¹³⁾	2008	10,650	92.0	28.5
Techno-centres ⁽¹⁴⁾	1,816,667	N/A	N/A	285	100.0	2881	1979-1988 ⁽¹⁵⁾	5,699	98.8	15.0
TaiKoo Place Office Towers ⁽¹⁶⁾	3,136,541	2,750,752	N/A	1,089 ⁽¹⁷⁾	20.0-100.0 ⁽¹⁸⁾	2881	1993-2003 ⁽¹⁹⁾	17,302	99.0	25.9
Cityplaza										
Cityplaza One, Three and Four	1,632,930	1,389,570	N/A	10 ⁽²⁰⁾	100.0	2899	1991-1997 ⁽²¹⁾	10,249	98.6	24.6
Cityplaza (retail)	1,105,227	680,396	N/A	834	100.0	2899	1983-2000 ⁽²²⁾	8,005	100.0	47.0
Commercial areas in TaiKoo Shing (Stages I-X)	331,079	326,891	N/A	3,826	100.0	2081/2899 ⁽²³⁾	1977-1985	2,527	97.7	44.9
Hotel - EAST, Hong Kong	199,020	N/A	345	N/A	100.0	2899	2009	1,180	N/A	N/A
Citygate										
Tung Chung Crescent	36,053	35,616	N/A	—	20.0	2047	1998-1999	59	94.8	64.7
One Citygate (office)	160,522	152,280	N/A	—	20.0	2047	1999	57	34.0	17.3
Citygate Outlets (retail)	462,439	327,211	N/A	1,156 ⁽²⁴⁾	20.0	2047	1999-2000	592	99.4	41.9
Hotel - Novotel Citygate Hong Kong	236,653	N/A	440	4	20.0	2047	2005	168	N/A	N/A

BUSINESS

Name of project	GFA (in sq.ft.)	LFA (in sq.ft.)	Number of hotel rooms	Number of car parks	Attributable to the Group (%)	Tenure (year of leasehold expiry)	Year completed	Attributable independent valuation as at 31st March 2010 (HK\$ million)	Average occupancy rate in 2009 ⁽¹⁾ (%)	Average effective rent (per square foot) for retail and office and RevPAR for hotels in 2009 (HK\$)
Other retail or office										
Island Place (shopping centre podium including parking spaces)	150,223	78,568	N/A	288	60.0	2047	1996	433	99.2	32.3
StarCrest (retail area and car parks)	13,112	10,760	N/A	83	100.0	2047	1999	147	100.0	36.9
21, 23, 25, 27 and 29 Wing Fung Street, Wan Chai	14,039	N/A	N/A	—	100.0	2856	1992/2006	197	100.0	45.7
625 King's Road (office building)	301,065	273,995	N/A	84	50.0	2108	1998	724	88.9	19.2
Major portion of Sincere Insurance Building, Wan Chai	68,750	N/A ⁽²⁶⁾	N/A	—	100.0	2089/ 2103/ 2113	1968	507	N/A	N/A
Residential										
Rocky Bank, 6 Deep Water Bay Road	14,768	N/A	N/A	—	100.0	2099	1981	476	100.0	N/A
House B, 36 Island Road, Deep Water Bay	2,644	N/A	N/A	—	100.0	2097	1980	126	8.3	N/A
6-16 Peel Rise, The Peak ⁽²⁷⁾	17,783	N/A	N/A	—	100.0	2032	1988	634	100.0	N/A

BUSINESS

PRC

Name of Project	GFA (in sq.ft.)	LFA (in sq.ft.)	Number of hotel rooms	Number of car parks	Ownership (%)	Tenure (year of leasehold expiry)	Year completed	Attributable independent valuation as at 31st March 2010 (RMB in millions)	Average occupancy rate in 2009 ⁽¹⁾ (%)	Average rent effective rent (per square foot) for retail and office and RevPAR for hotels in 2009 (RMB)
Mixed use projects										
Sanlitun Village, Beijing										
Retail - Village South	776,909 sq.ft. (or 72,177 sq.m.)	564,733 sq.ft. (or 52,465 sq.m.)	N/A	451	80.0	2044	2007	3,232	91.2	39.4
Retail - Village North	519,399 sq.ft. (or 48,253 sq.m.)	365,545 sq.ft. (or 33,960 sq.m.)	N/A	410	80.0	2044	2007	1,908	N/A	N/A
Hotel - The Opposite House	169,463 sq.ft. (or 15,744 sq.m.)	N/A	99	24	100.0	2044	2007	580	33.1	53.5
Other retail										
Beaumonde Retail Podium, Guangzhou	90,847 sq.ft. (or 8,440 sq.m.)	58,459 sq.ft. (or 5,431 sq.m.)	N/A	100	100.0	2044	2007/2008	380	62.0	11.1

United States

Name of Project	GFA (in sq.ft.)	LFA (in sq.ft.)	Number of hotel rooms	Number of car parks	Ownership (%)	Tenure (year of leasehold expiry)	Year completed	Attributable independent valuation as at 31st March 2010 (USD in millions)	Average occupancy rate in 2009 ⁽¹⁾ (%)	Average rent effective rent (per square foot) for retail and office and RevPAR for hotels in 2009 (US\$)
Hotel										
The Mandarin Oriental, Miami	345,000	N/A	326	600	75.0	Freehold	2000	78	56	165

United Kingdom

Name of Project	GFA (in sq.ft.)	LFA (in sq.ft.)	Number of hotel rooms	Number of car parks	Ownership (%)	Tenure (year of leasehold expiry)	Year completed	Attributable independent valuation as at 31st March 2010 (£ in millions)	Average occupancy rate in 2009 ⁽¹⁾ (%)	Average effective rent (per square foot) for retail and office and RevPAR for hotels in 2009 (£)
Hotels										
Hotel Kandinsky, Cheltenham	24,502	N/A	61	24	100.0	freehold	2000	8	N/A	N/A ⁽²⁵⁾
Hotel Barcelona, Exeter	23,030	N/A	59	16	100.0	freehold	2001	5	N/A	N/A ⁽²⁵⁾
Hotel Seattle, Brighton	48,416	N/A	71	N/A	100.0	2037	2003	1	66	59
Avon Gorge Hotel, Bristol	87,608	N/A	75	20	100.0	freehold	1855	10	66	46

BUSINESS

Notes:

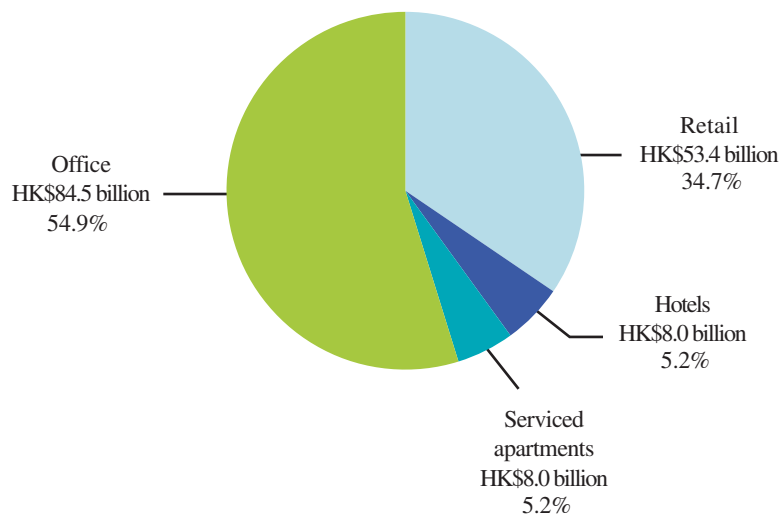
- (1) The average occupancy rate of any property which was opened in 2009 is in respect of the period from the date of its opening to 31st December 2009.
- (2) Comprises One Pacific Place, Two Pacific Place and Three Pacific Place.
- (3) For Three Pacific Place only.
- (4) Leasehold for One Pacific Place expires in 2135. Leasehold for Two Pacific Place expires in 2047. Leasehold for the different lots comprising Three Pacific Place expires between 2050-2852.
- (5) One Pacific Place was completed in 1988. Two Pacific Place was completed in 1990. Three Pacific Place was completed in 2004/2007.
- (6) Refers to The Mall at Pacific Place.
- (7) Leasehold for the two lots comprising The Mall at Pacific Place expires in 2047 or 2135.
- (8) These are serviced suites.
- (9) Comprises the JW Marriott Hotel Hong Kong, the Conrad Hong Kong and the Island Shangri-La Hong Kong.
- (10) The leases for the Conrad Hong Kong and the Island Shangri-La Hong Kong expire in 2047. The lease for the JW Marriott Hotel Hong Kong expires in 2135.
- (11) The JW Marriott Hotel Hong Kong was completed in 1988. The Conrad Hong Kong was completed in 1990. The Island Shangri-La Hong Kong was completed in 1991.
- (12) Total number of car parks for Festival Walk Tower and the retail portion of Festival Walk.
- (13) Leaseholds for the eight lots comprising One Island East expire in 2881 or 2899.
- (14) “Techno-centres” comprise Warwick House, Cornwall House and Somerset House.
- (15) Warwick House was completed in 1979. Cornwall House was completed in 1984. Somerset House was completed in 1988.
- (16) TaiKoo Place Office Towers comprise Devon House, Dorset House, Lincoln House, Oxford House, Cambridge House and PCCW Tower.
- (17) There are 311 car parks for Devon House, 215 car parks for Dorset House, 164 car parks for Lincoln House, 182 car parks for Oxford House and 217 car parks for PCCW Tower. There are no car parks for Cambridge House.
- (18) The Company owns a 20.0% interest in PCCW Tower with a total GFA of 620,148 sq.ft., 100% of which has been included in the table above with the exception of attributable independent property valuation. The Company wholly owns the other TaiKoo Place Office Towers.
- (19) Devon House was completed in 1993. Dorset House was completed in 1994. Lincoln House was completed in 1998. Oxford House was completed in 1999. Cambridge House was completed in 2003. PCCW Tower was completed in 1994.
- (20) There are 10 car parks for Cityplaza Three. There are no car parks for Cityplaza One and Cityplaza Four.
- (21) Cityplaza One was completed in 1997. Cityplaza Three was completed in 1992. Cityplaza Four was completed in 1991.
- (22) Different parts/phases of the retail portion of Cityplaza were completed and/or renovated in 1983, 1987, 1997 and 2000.
- (23) The leases for the lots comprising the Commercial areas in Stages I-X of Taikoo Shing will expire in 2081 or 2899.
- (24) Total number of car parks for both One Citygate and Citygate Outlets.
- (25) Closed for renovation.
- (26) We intend to renovate this property.
- (27) We have entered into a provisional agreement for sale and purchase in respect of our disposal of 6-16 Peel Rise, The Peak. See the section headed “Completed Investment Properties — Hong Kong — Other residential properties” below.

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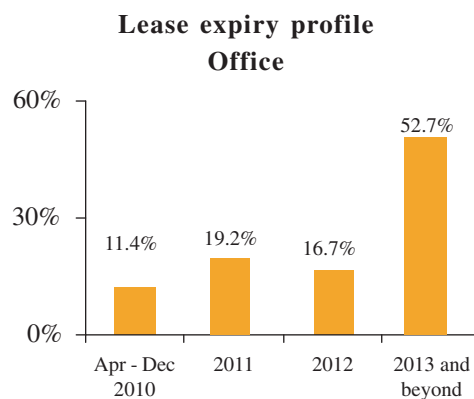
As at 31st March 2010, our completed investment property portfolio comprised office space with a total GFA attributable to the Group of 10.3 million square feet, retail space with a total GFA attributable to the Group of 4.4 million square feet, hotels with a total GFA attributable to the Group of 1.4 million square feet and residential units with a total GFA attributable to the Group of 0.5 million square feet.

The chart below breaks down our completed investment property portfolio by type, on the basis of values attributable to the Group as at 31st March 2010.

Completed investment property portfolio by type
(based on values attributable to the Group as at 31st March 2010)

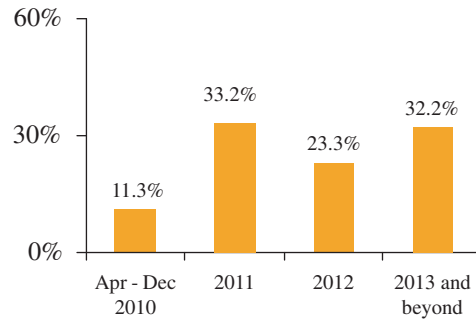


The following charts show as at 31st March 2010 the percentage of the total rental income attributable to the Group from office and retail properties, for the month ended 31st March 2010, derived from leases expiring in the periods indicated below.



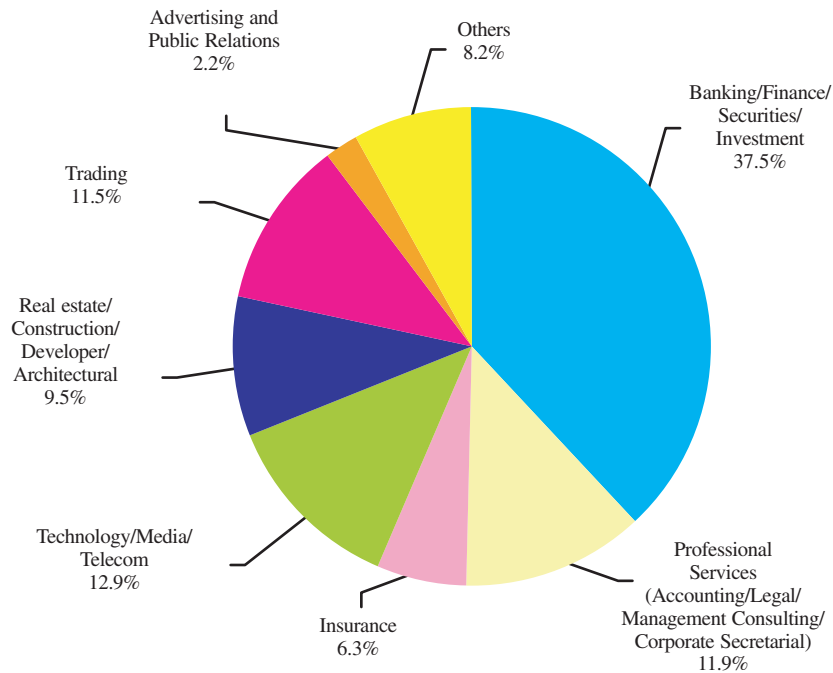
BUSINESS

Lease expiry profile Retail



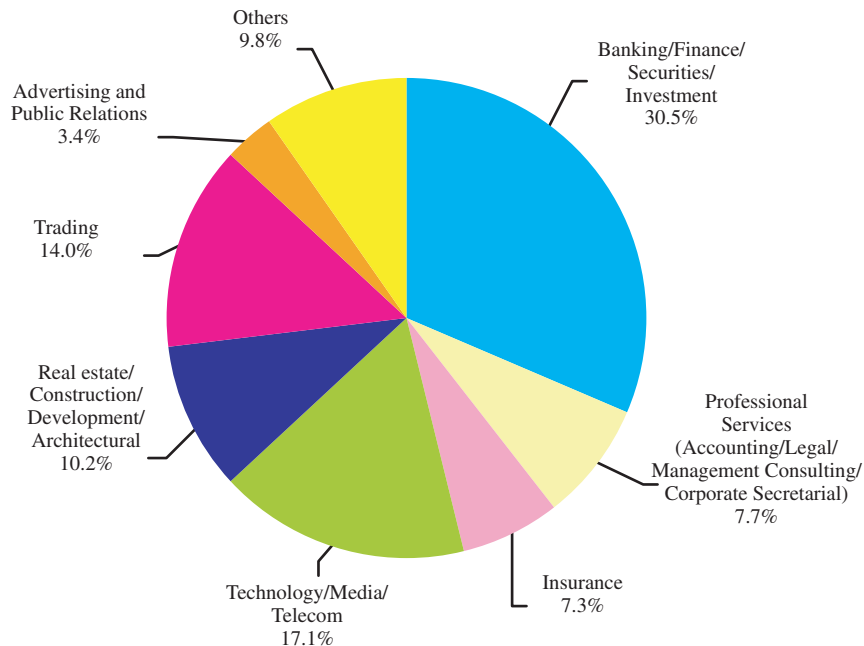
The charts below show the mix of the tenants of our office properties by the principal nature of their businesses (based on our own internal classifications), as a percentage of our office rental income attributable to the Group for the month ended 31st December 2009 and as a percentage of the office LFA attributable to the Group as at 31st December 2009.

Office rental income attributable to the Group by tenants' trades (For the month ended 31st December 2009)



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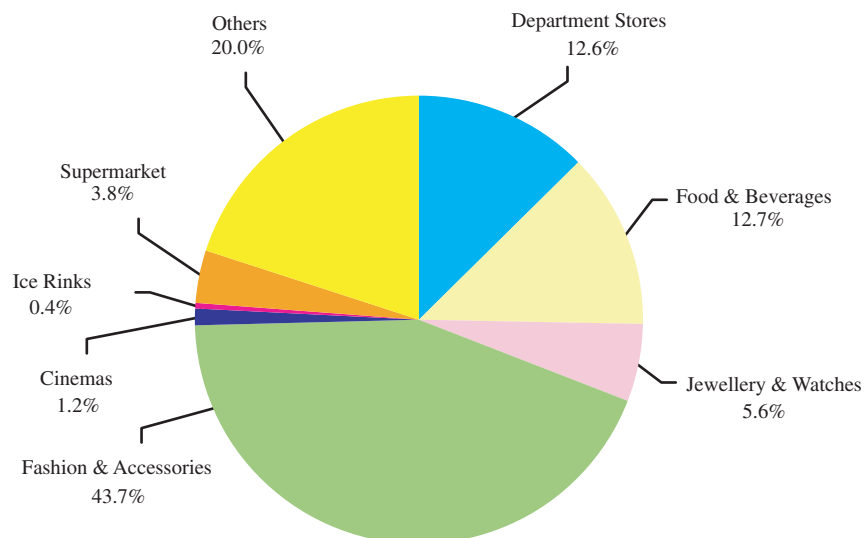
Office LFA attributable to the Group by tenants' trades (As at 31st December 2009)



As at 31st December 2009, our top ten office tenants (based on rental income for the year ended 31st December 2009) together occupied approximately 20% of our total office LFA in Hong Kong.

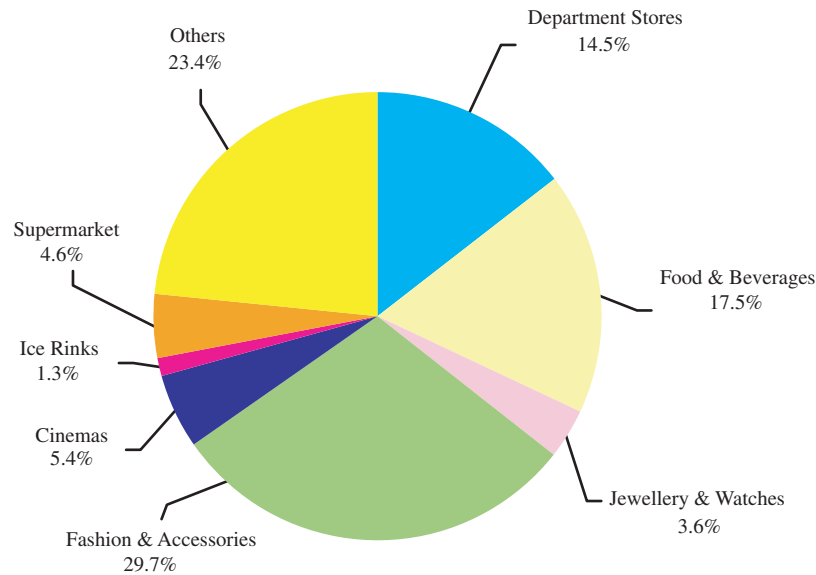
The charts below show the mix of the tenants of our retail investment properties by the principal nature of their businesses (based on our internal classifications), as a percentage of our retail rental income attributable to the Group for the month ended 31st December 2009 and as a percentage of the retail LFA attributable to the Group as at 31st December 2009.

Retail rental income attributable to the Group by tenants' trades (For the month ended 31st December 2009)



BUSINESS

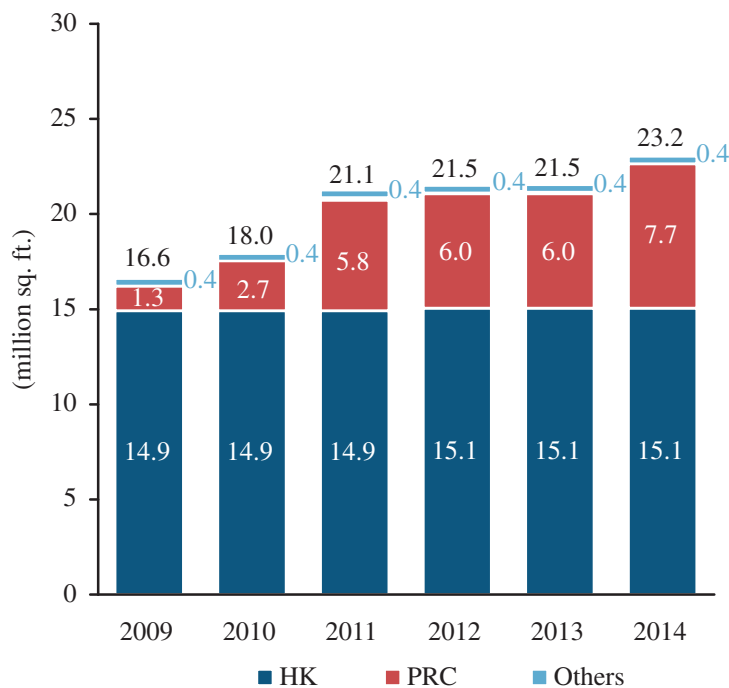
Retail LFA attributable to the Group by tenants' trades (As at 31st December 2009)



As at 31st December 2009, our top ten retail tenants (based on rental income for the year ended 31st December 2009) together occupied approximately 35% of our total retail LFA in Hong Kong.

The chart below shows the total GFA as at 31st December 2009, and the estimated total GFA as at 31st December 2010, 2011, 2012, 2013 and 2014, of our completed investment property portfolio (on an attributable basis) in Hong Kong, the PRC and other locations.

Attributable GFA of completed investment property portfolio



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Completed Investment Properties - Hong Kong

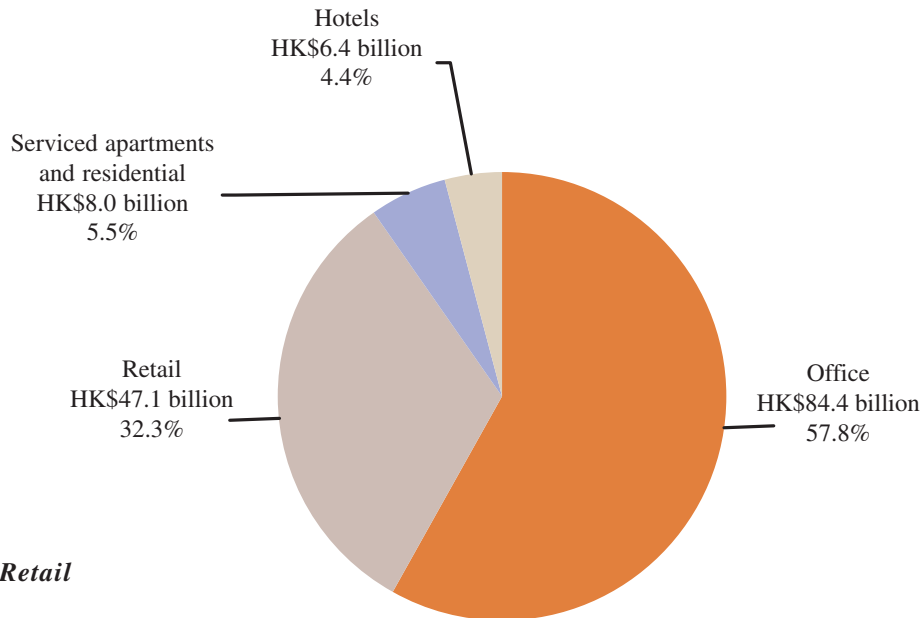
The following map illustrates the locations of our principal completed investment properties in Hong Kong:



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The chart below breaks down our Hong Kong completed investment property portfolio by type, on the basis of values attributable to the Group as at 31st March 2010.

**Hong Kong completed investment property portfolio by type
(based on values attributable to the Group as at 31st March 2010)**



Office and Retail

(i) Pacific Place (太古廣場)

Pacific Place is located at 88 Queensway, Admiralty, in the central business district of Hong Kong. The site was formerly part of the military installation of Victoria Barracks and was transformed into a commercial complex with a total LFA of 2,776,543 square feet, comprising office space of 1,867,834 square feet, retail space of 465,909 square feet and serviced apartment space of 442,800 square feet. Pacific Place is linked to the Admiralty MTR station, which is the interchange for the Island Line and the Tsuen Wan Line of the Hong Kong MTR system.

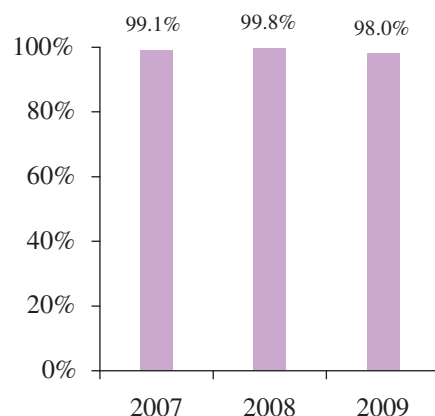


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The complex includes three Grade A office towers, which are wholly-owned by our Group: One Pacific Place with 36 office floors, which was completed in 1988, Two Pacific Place with 27 office floors, which was completed in 1990, and Three Pacific Place with 36 office floors, which was completed in 2004. As at 31st December 2009, there were a total of 115 tenants in One, Two and Three Pacific Place. The five largest tenants (in terms of rental income for the month ended 31st December 2009 and excluding the Group itself) in One, Two and Three Pacific Place were (in alphabetical order) Baker & McKenzie, Credit Agricole Group, Deloitte Touche Tohmatsu, Mizuho Corporate Bank, Ltd. and Société Générale. These five largest tenants contributed 25.7% of the total rental income of One, Two and Three Pacific Place for the month ended 31st December 2009 and accounted for 30.7% of the total leased area of One, Two and Three Pacific Place as at 31st December 2009.

The chart below shows the average occupancy rate of One, Two and Three Pacific Place for the Track Record Period. The occupancy rate as at 31st March 2010 was 97.2%.

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



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

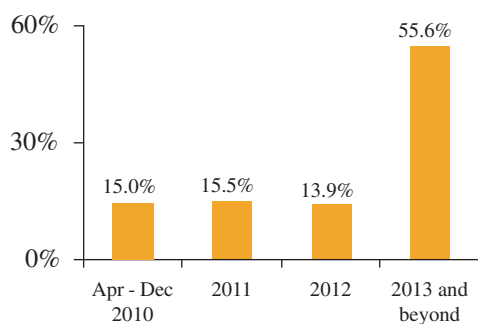
**Average effective rent and net rental income
One, Two and Three Pacific Place**

Year ended 31st December	Average effective rent (per square foot)	Net rental income (in millions)
2007	HK\$39.5	HK\$994.8
2008	HK\$52.6	HK\$1,308.0
2009	HK\$62.4	HK\$1,545.0

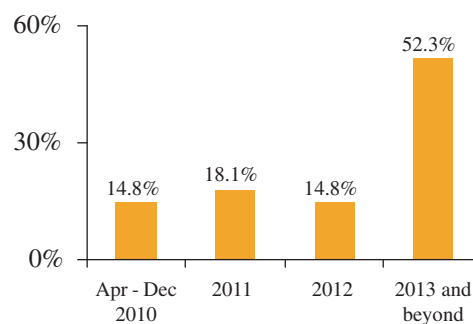
BUSINESS

The weighted average lease term to expiry for One, Two and Three Pacific Place was approximately 3.0 years as at 31st March 2010. The charts below show the percentage of the total leased area of One, Two and Three Pacific Place taken up as at 31st March 2010 by leases expiring in the periods shown and the percentage of total rental income of One, Two and Three Pacific Place for the month ended 31st March 2010 attributable to those leases.

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



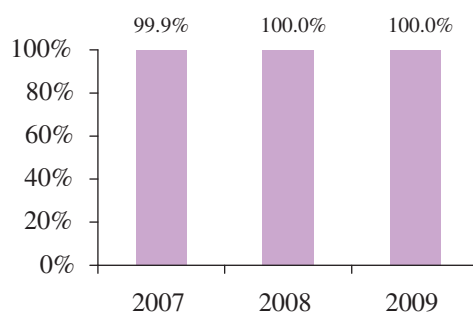
**Lease expiry (by rental income)
One, Two and Three Pacific Place**



Pacific Place also includes The Mall at Pacific Place, one of the premier shopping malls in Hong Kong with a total LFA of 465,909 square feet. As at 31st December 2009, there were a total of 131 tenants in The Mall at Pacific Place. The five largest tenants (in terms of rental income for the month ended 31st December 2009) in The Mall at Pacific Place were (in alphabetical order) Dickson Concepts Group, Gucci, Lane Crawford, LVMH Group and Richemont. These five largest tenants contributed 38.9% of the total rental income of The Mall at Pacific Place for the month ended 31st December 2009 and accounted for 41.1% of the total leased area of The Mall at Pacific Place as at 31st December 2009.

The chart below shows the average occupancy rate of The Mall at Pacific Place for the Track Record Period. The occupancy rate as at 31st March 2010 was 100.0%.

**Average occupancy rate
The Mall at Pacific Place**



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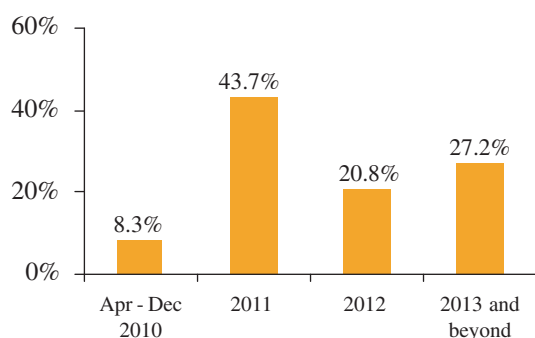
The following table shows the average effective rent and the net rental income of The Mall at Pacific Place for the Track Record Period.

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

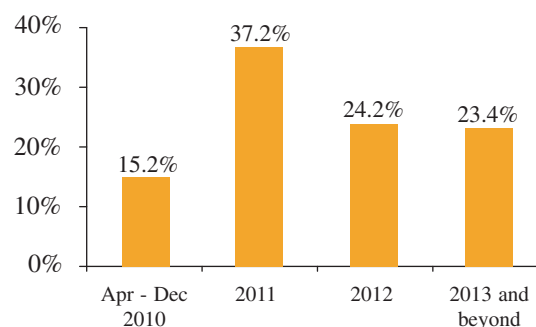
Year ended 31st December	Average effective rent (per square foot)	Net rental income (in millions)
2007	HK\$126.0	HK\$887.5
2008	HK\$134.4	HK\$935.4
2009	HK\$137.8	HK\$950.6

The weighted average lease term to expiry for The Mall at Pacific Place was approximately 2.0 years as at 31st March 2010. The charts below show the percentage of the total leased area of The Mall at Pacific Place taken up as at 31st March 2010 by leases expiring in the periods shown and the percentage of the total rental income of The Mall at Pacific Place for the month ended 31st March 2010 attributable to these leases.

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



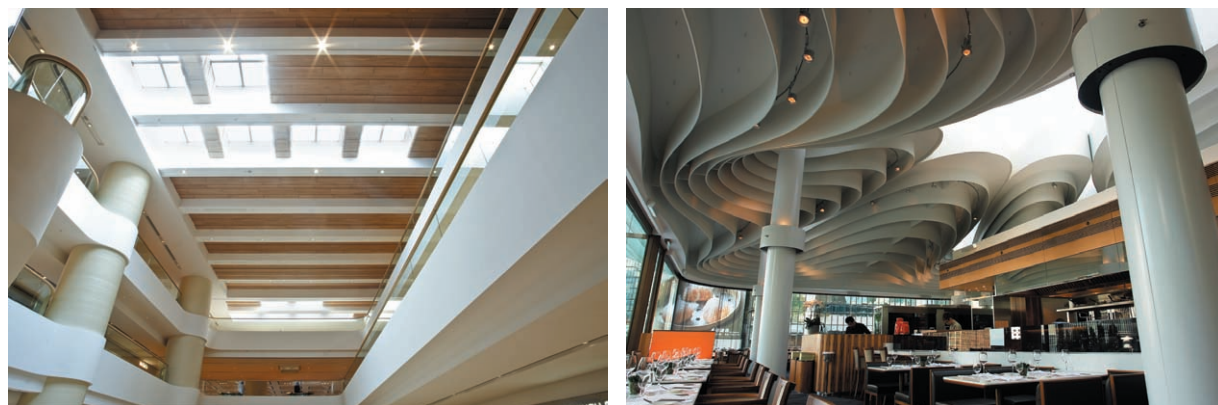
**Lease expiry (by rental income)
The Mall at Pacific Place**



In 2007, the Group began a contemporisation project for Pacific Place. The project involves adding a fourth hotel and new luxury restaurants to the complex, upgrading the cinema, upgrading the lighting, flooring, restrooms, lifts and common areas, and reconfiguration of tenant areas. The contemporisation project demonstrates our commitment to maintaining our leadership in developing and managing mixed use complexes. The improved interior and exterior of The Mall at Pacific Place, together with the opening of the fourth hotel, The Upper House in October 2009, has attracted visitors and improved the overall ambience and points of interest at Pacific Place. The first phase of the

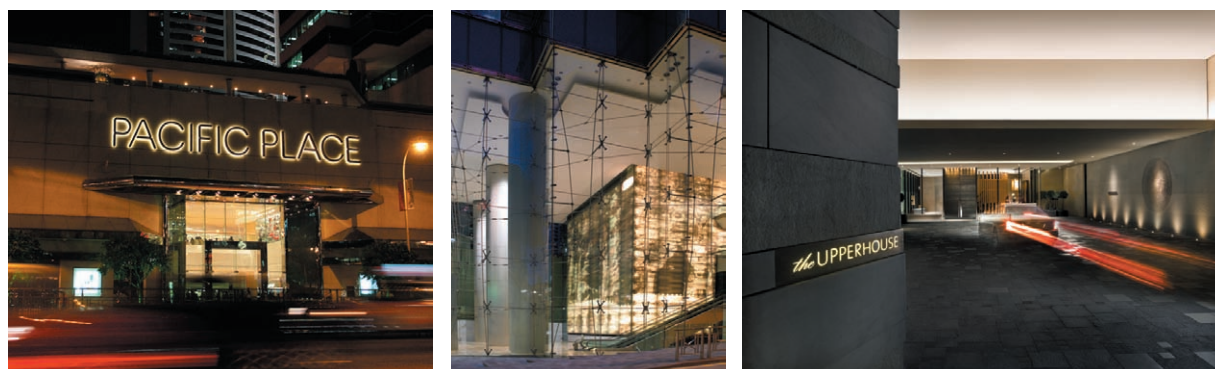
BUSINESS

contemporisation project was completed in late 2009. The entire contemporisation project is expected to be completed by 2011. A total cost (including costs which have already been incurred) of approximately HK\$2.1 billion is expected to be incurred for the project.



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

As at 31st March 2010, Pacific Place (including for this purpose Pacific Place Apartments and The Upper House and the Pacific Place Hotels on an attributable basis) was valued at HK\$70.4 billion. See Appendix IV “Property Valuation” to this prospectus. Pacific Place accounted for approximately HK\$63.9 billion of the investment properties and approximately HK\$3.0 billion of the Group’s attributable share of property, plant and equipment on the Group’s balance sheet as at 31st March 2010.



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(ii) *TaiKoo Place (太古坊)*

TaiKoo Place is a commercial complex in Quarry Bay, Hong Kong. It consists of six Grade A office towers, being Devon House, Dorset House, PCCW Tower, Lincoln House, Oxford House, Cambridge House (together the “**TaiKoo Place Office Towers**”), three techno-centre buildings, being Warwick House, Cornwall House and Somerset House (together the “**Techno-centres**”), and the recently opened One Island East (港島東中心), which is a 68-storey Grade A commercial building. All the buildings in TaiKoo Place are linked by footbridges and are within walking distance of the interchange MTR station at Quarry Bay. The TaiKoo Place Office Towers and the Techno-centres offer a variety of floor plates ranging from approximately 7,000 to 40,000 square feet to meet the needs of different tenants. We have a 100% interest in TaiKoo Place except for PCCW Tower, in which we have a 20% interest.

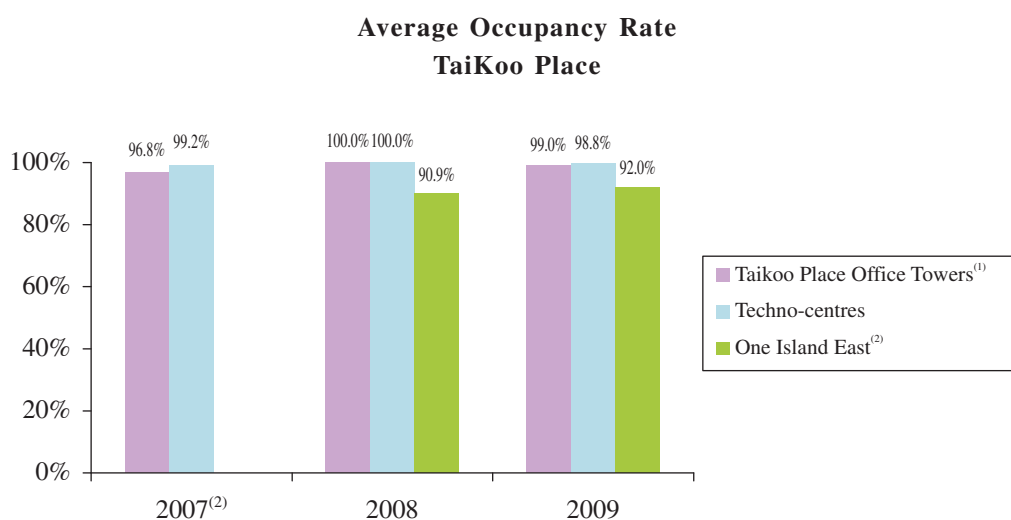


TaiKoo Place is on a site which used to be occupied by the Taikoo Sugar Refinery. It was redeveloped in the late 1980s. In 2008, a new 68-storey commercial building named One Island East was added in order to reinforce the position of Island East as a major decentralised office location in Hong Kong. TaiKoo Place has a total LFA of 5,811,917 square feet (attributable of 5,376,600 square feet), comprising Grade A office space with LFA of 3,995,250 square feet (attributable of 3,559,933 square feet) and the Techno-centres with an aggregate LFA of 1,816,667 square feet. TaiKoo Place also has a total of 1,374 car parking spaces.

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As at 31st December 2009, there were 203 tenants in TaiKoo Place. The five largest tenants (in terms of rental income for the month ended 31st December 2009) in TaiKoo Place (excluding PCCW Tower) were (in alphabetical order) AIA, Citibank, DBS, J.P. Morgan and Turner Broadcasting System Asia Pacific, Inc.. These five largest tenants contributed 17.6% of the total rental income of TaiKoo Place (excluding PCCW Tower) for the month ended 31st December 2009 and accounted for 18.5% of the total leased area of TaiKoo Place (excluding PCCW Tower) as at 31st December 2009.

The chart below shows the average occupancy rate of TaiKoo Place for the Track Record Period. The occupancy rates for TaiKoo Place Office Towers, Techno-centres and One Island East as at 31st March 2010 were 98.0%, 99.0% and 98.0%, respectively.



Notes:

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

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

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

Year ended 31st December	Average effective rent (per square foot)	Net rental income (in millions)
2007	—	—
2008	HK\$23.9	HK\$153.5
2009	HK\$28.5	HK\$369.5

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

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Average effective rent and net rental income Techno-centres

Year ended 31st December	Average effective rent (per square foot)	Net rental income (in millions)
2007	HK\$12.1	HK\$268.5
2008	HK\$14.1	HK\$292.3
2009	HK\$15.0	HK\$302.6

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

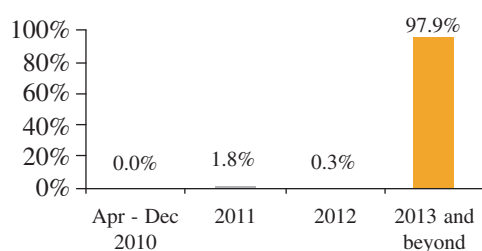
Year ended 31st December	Average effective rent ⁽¹⁾ (per square foot)	Net rental income attributable to the Group ⁽²⁾ (in millions)
2007	HK\$20.0	HK\$554.7
2008	HK\$24.0	HK\$705.7
2009	HK\$25.9	HK\$718.0

Notes:

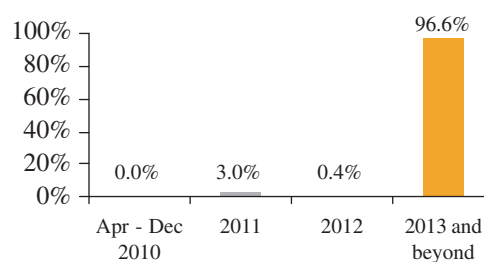
- (1) Excluding PCCW Tower.
- (2) This denotes the net rental income attributable to the Group based on its 20% interest in PCCW Tower and its 100% interest in the remaining properties in TaiKoo Place Office Towers.

The weighted average lease term to expiry for TaiKoo Place (excluding PCCW Tower) was approximately 3.6 years as at 31st March 2010. The charts below show the percentage of the total leased area of TaiKoo Place taken up as at 31st March 2010 by leases expiring in the periods shown and the percentage of the total rental income of TaiKoo Place for the month ended 31st March 2010 attributable to those leases.

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

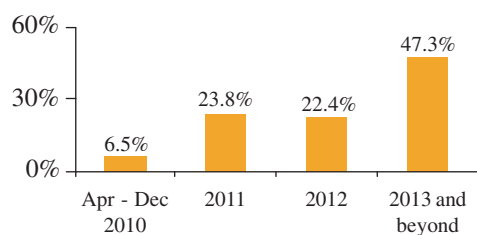


**Lease expiry (by rental income)
One Island East**

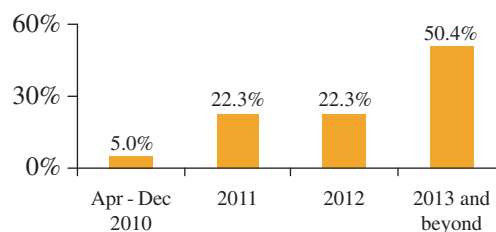


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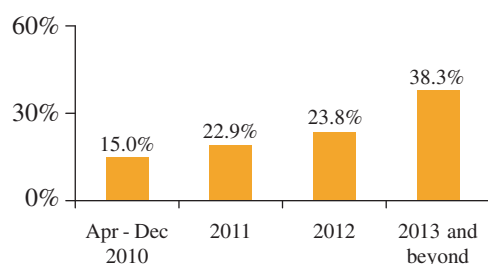
**Lease expiry (by leased area)
Techno-centres**



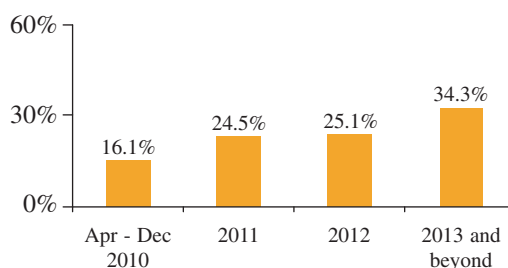
**Lease expiry (by rental income)
Techno-centres**



**Lease expiry (by leased area)
TaiKoo Place Office Towers⁽¹⁾**



**Lease expiry (by rental income)
TaiKoo Place Office Towers⁽¹⁾**



Note:

(1) Excluding PCCW Tower.

As at 31st March 2010, TaiKoo Place (including, for this purpose, PCCW Tower on an attributable basis) was valued at HK\$33.7 billion. See Appendix IV “Property Valuation” to this prospectus.

(iii) *Cityplaza (太古城中心)*

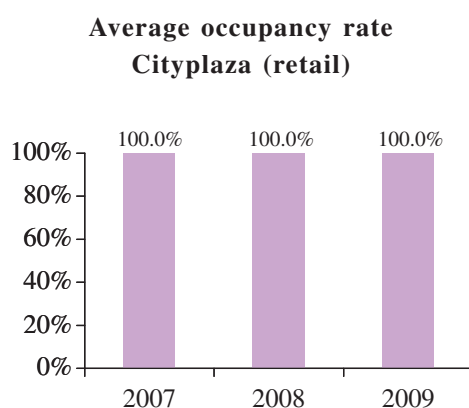
Cityplaza is a retail and office complex located in the Eastern district of Hong Kong Island. The core of the development is the Cityplaza shopping centre. Completed in phases from the 1980s and renovated in 2005, it is the largest shopping destination on Hong Kong Island by GFA. It has direct access to the Tai Koo MTR Station, and comprises retail space with a total LFA of 680,396 square feet, including three department stores, about 170 retail and catering shops, an ice rink, a seven-screen cinema and other entertainment facilities.

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As at 31st December 2009, there were a total of 157 retail tenants in Cityplaza. The five largest retail tenants (in terms of rental income for the month ended 31st December 2009) were (in alphabetical order) APiTA, HSBC, Marks & Spencer, Maxim's Caterers Ltd. and Wing On Department Stores. These five largest tenants contributed 28.7% of the total retail rental income of Cityplaza for the month ended 31st December 2009 and accounted for 43.3% of the total leased retail area of Cityplaza as at 31st December 2009.

The chart below shows the average occupancy rate of the retail portion of Cityplaza for the Track Record Period. The occupancy rate as at 31st March 2010 was 100.0%.



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

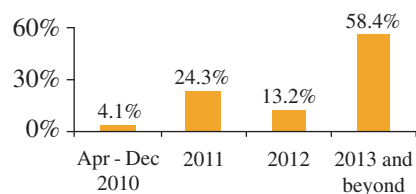
**Average effective rent and net rental income
Cityplaza (retail)**

Year ended 31st December	Average effective rent (per square foot)	Net rental income (in millions)
2007	HK\$42.4	HK\$380.0
2008	HK\$44.5	HK\$400.0
2009	HK\$47.0	HK\$420.8

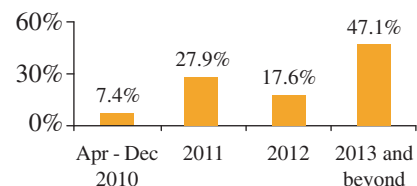
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The weighted average lease term to expiry for the retail portion of Cityplaza was approximately 2.5 years as at 31st March 2010. The charts below show the percentage of the total leased area of the retail portion of Cityplaza taken up as at 31st March 2010 by leases expiring in the periods shown and the percentage of the total retail rental income of Cityplaza for the month ended 31st March 2010 attributable to those leases.

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



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



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

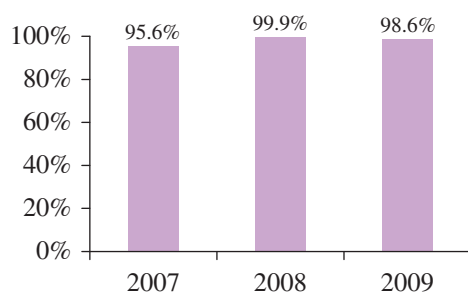


As at 31st December 2009, there were a total of 64 tenants in Cityplaza One, Three and Four. The five largest tenants (in terms of rental income for the month ended 31st December 2009) in Cityplaza One, Three and Four were (in alphabetical order) adidas, American Express, Hewlett-Packard, HSBC and Thomson Reuters. These five largest tenants contributed 33.1% of the total rental income of Cityplaza One, Three and Four for the month ended 31st December 2009 and accounted for 35.5% of the total leased area of Cityplaza One, Three and Four as at 31st December 2009.

BUSINESS

The chart below shows the average occupancy rate of Cityplaza One, Three and Four for the Track Record Period. The occupancy rate as at 31st March 2010 was 96.8%.

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



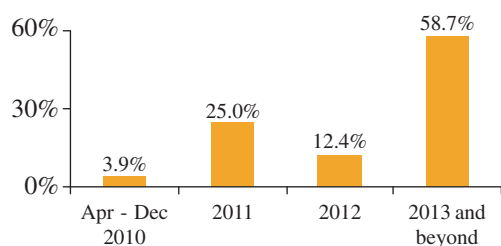
The following table shows the average effective rent and the net rental income of Cityplaza One, Three and Four for each of the years indicated.

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

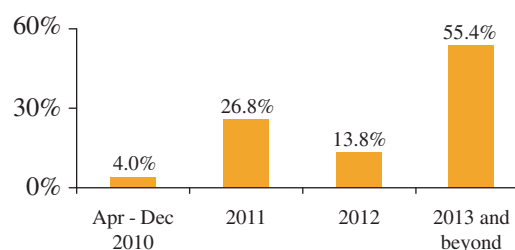
Year ended 31st December	Average effective rent (per square foot)	Net rental income (in millions)
2007	HK\$19.1	HK\$335.0
2008	HK\$23.1	HK\$463.6
2009	HK\$24.6	HK\$448.3

The weighted average lease term to expiry for Cityplaza One, Three and Four was approximately 2.9 years as at 31st March 2010. The charts below show the percentage of the total leased area of Cityplaza One, Three and Four taken up as at 31st March 2010 by leases expiring in the periods shown and the percentage of the total rental income of Cityplaza One, Three and Four for the month ended 31st March 2010 attributable to those leases.

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



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



EAST, Hong Kong, a lifestyle business hotel with 345 rooms adjacent to Cityplaza, was opened in January 2010 — for details of our interests in EAST, please refer to the section headed “Business — Completed Investment Properties — Hotels” in this prospectus.

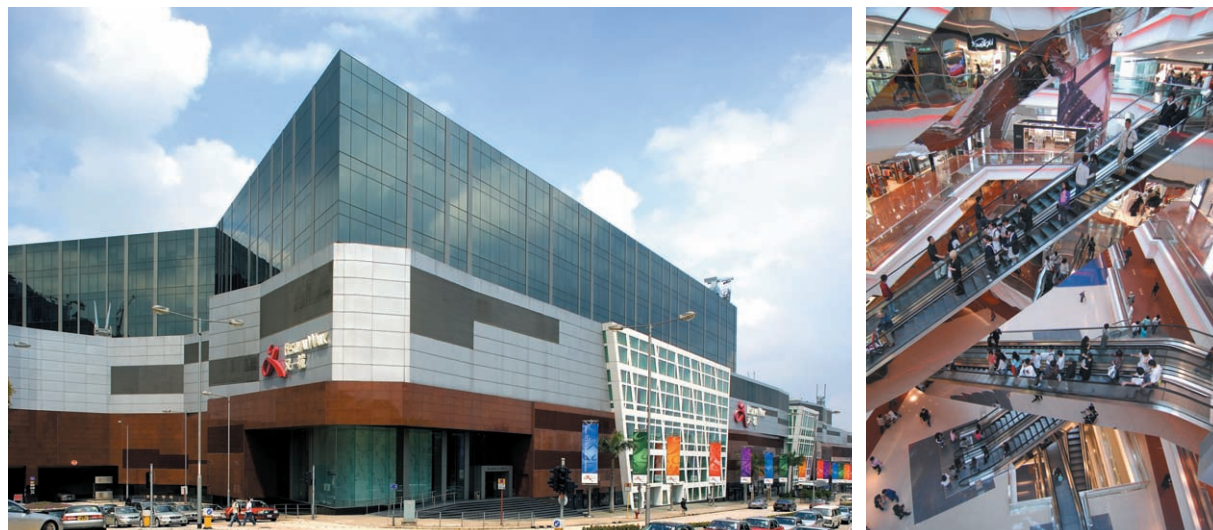
BUSINESS

We wholly own and manage all the ground floor and podium shops and all carparking spaces in each of the residential towers in Taikoo Shing. The total GFA of these ground floor and podium shops is 331,079 square feet. For the year ended 31st December 2009, the average occupancy rate of the ground floor and podium shops in Taikoo Shing (excluding the carparking areas) was 97.7% and the net rental income derived from these shops and the carparking spaces was HK\$148.7 million.

As at 31st March 2010, Cityplaza (including for this purpose EAST and the ground floor and podium shops and the carparking spaces in the residential towers of Taikoo Shing) was valued at HK\$22.0 billion. See Appendix IV “Property Valuation” to this prospectus.

(iv) *Festival Walk (又一城)*

Festival Walk, which was completed in 1998, is a major retail property with an office component located in Kowloon Tong, an upscale residential area in Hong Kong, with a total LFA of 795,077 square feet. Festival Walk is directly linked to the Kowloon Tong MTR station, which is the interchange for the Kwun Tong Line and the East Rail Line.

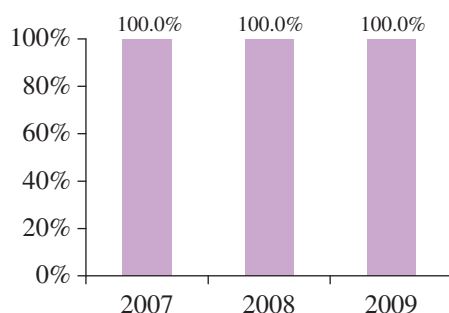


The retail portion of Festival Walk comprises over 200 shops, including a multiplex seven-screen cinema, major international and local retailers, restaurants, an ice rink and exhibition areas. Festival Walk enjoyed a 100% average occupancy rate throughout the Track Record Period. As at 31st December 2009, there were a total of 218 retail tenants in Festival Walk. The five largest retail tenants (in terms of rental income for the month ended 31st December 2009) in Festival Walk were (in alphabetical order) A.S. Watson Group (HK) Ltd., Dickson Concepts Group, I.T Limited, Marks & Spencer and Maxim’s Caterers Ltd. These five largest tenants contributed to 21.0% of the total rental income of the retail portion of Festival Walk for the month ended 31st December 2009 and accounted for 27.5% of the total leased area of the retail portion of Festival Walk as at 31st December 2009.

BUSINESS

The chart below shows the average occupancy rate of the retail portion of Festival Walk for the Track Record Period. The occupancy rate as at 31st March 2010 was 100.0%.

**Average Occupancy Rate
Festival Walk (retail)**



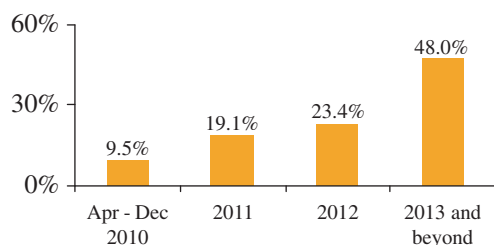
The following table shows the average effective rent and the net rental income of the retail portion of Festival Walk for each of the years indicated.

**Average effective rent and net rental income
Festival Walk (retail)**

Year ended 31st December	Average effective rent (per square foot)	Net rental income (in millions)
2007	HK\$88.4	HK\$668.6
2008	HK\$91.8	HK\$697.6
2009	HK\$94.4	HK\$702.6

The weighted average lease term to expiry for the retail portion of Festival Walk was approximately 2.2 years as at 31st March 2010. The charts below show the percentage of the total leased area of the retail portion of Festival Walk taken up as at 31st March 2010 by leases expiring in the periods shown and the percentage of the total rental income of the retail portion of Festival Walk for the month ended 31st March 2010 attributable to those leases.

**Lease expiry (by leased area)
Festival Walk (retail)**



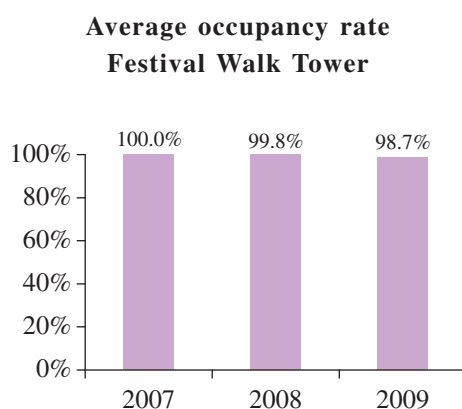
**Lease expiry (by rental income)
Festival Walk (retail)**



BUSINESS

In addition to its retail space, Festival Walk comprises four storeys of office space (“**Festival Walk Tower**”) with a total LFA of 213,982 square feet and 830 car parking spaces, as well as a transportation terminus. As at 31st December 2009, there were five tenants in Festival Walk Tower. The five tenants were (in alphabetical order) Australia and New Zealand Banking Group Limited, City University of Hong Kong, Ove Arup & Partners Hong Kong Limited, Prudential Assurance Co. Limited and Swire Properties Management Limited (a wholly-owned subsidiary of the Company).

The chart below shows the average occupancy rate of Festival Walk Tower for the Track Record Period. The occupancy rate as at 31st March 2010 was 100.0%.



The following table shows the average effective rent and the net rental income of Festival Walk Tower for each of the years indicated.

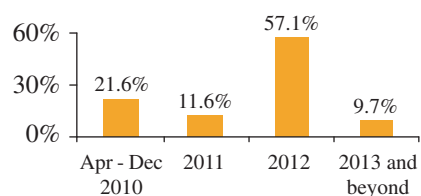
**Average effective rent and net rental income
Festival Walk Tower**

Year ended 31st December	Average effective rent (per square foot)	Net rental income (in millions)
2007	HK\$19.5	HK\$60.1
2008	HK\$21.1	HK\$62.8
2009	HK\$30.5	HK\$85.1

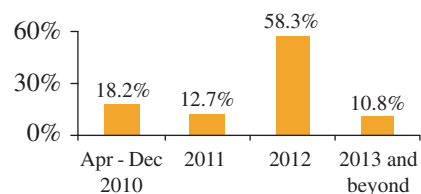
BUSINESS

The weighted average lease term to expiry for Festival Walk Tower was approximately 1.9 years as at 31st March 2010. The charts below show the percentage of the total leased area of Festival Walk Tower taken up as at 31st March 2010 by leases expiring in the periods shown and the percentage of the total rental income of Festival Walk Tower for the month ended 31st March 2010 attributable to those leases.

**Lease expiry (by leased area)
Festival Walk Tower**



**Lease expiry (by rental income)
Festival Walk Tower**



As at 31st March 2010, Festival Walk was valued at HK\$15.9 billion. See Appendix IV “Property Valuation” to this prospectus.

(v) *Citygate* (東薈城)

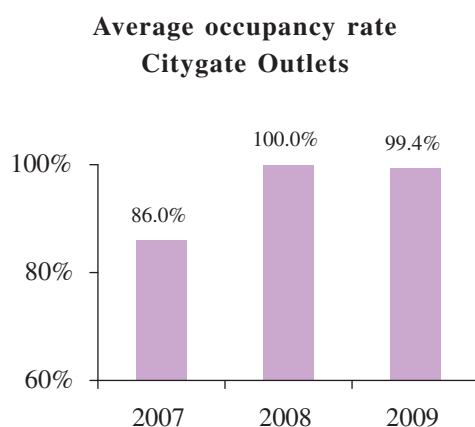
We have a 20% interest in and manage Citygate, a mixed use complex located in Tung Chung, a new town near the Hong Kong International Airport on Lantau Island in Hong Kong. The remaining 80% interest in Citygate is held by our joint venture partners — Hang Lung Group Limited, Henderson Land Development Company Limited, New World Development Company Limited and Sun Hung Kai Properties Limited. Citygate has direct access to the Tung Chung MTR Station. Its proximity to the Hong Kong International Airport makes it an attractive shopping destination for tourists visiting Hong Kong as well as local residents. The core of the Citygate complex is Citygate Outlets, a premier outlet shopping mall with an aggregate LFA of 327,211 square feet consisting of seven levels of shops, a majority of which are outlets selling clothing and sportswear. The rest of the Citygate complex is made up of One Citygate, a nine-storey office building with a total LFA of 152,280 square feet and Novotel Citygate Hong Kong, a 440-room hotel managed by Novotel.



BUSINESS

As at 31st December 2009, there were a total of 86 tenants in Citygate Outlets. The five largest tenants (in terms of rental income for the month ended 31st December 2009) in Citygate Outlets were (in alphabetical order) A.S. Watson Group (HK) Ltd., Club 21, Coach, Esprit and Polo Ralph Lauren. These five largest tenants contributed 32.9% of the total rental income of Citygate Outlets for the month ended 31st December 2009 and accounted for 32.2% of the total leased area of the retail portion of Citygate Outlets as at 31st December 2009.

The chart below shows the average occupancy rate of Citygate Outlets for the Track Record Period. The occupancy rate as at 31st March 2010 was 99.8%.



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

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

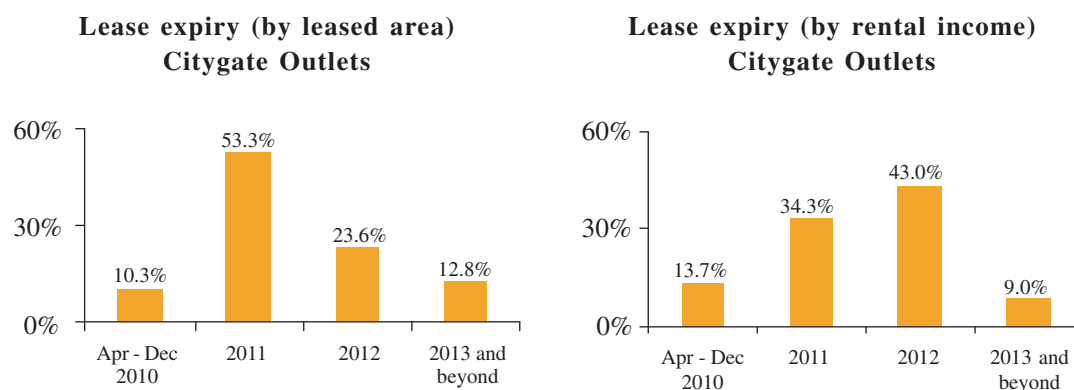
Year ended 31st December	Average effective rent ⁽²⁾ (per square foot)	Net rental income attributable to the Group ⁽¹⁾⁽²⁾ (in millions)
2007	HK\$35.7	HK\$20.0
2008	HK\$36.7	HK\$29.5
2009	HK\$41.9	HK\$37.1

Notes:

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

BUSINESS

The weighted average lease term to expiry for Citygate Outlets was approximately 1.8 years as at 31st March 2010. The charts below show the percentage of the total leased area of Citygate Outlets taken up as at 31st March 2010 by leases expiring in the periods shown and the percentage of total rental income of Citygate Outlets for the month ended 31st March 2010 attributable to those leases.



The average occupancy rate and the net rental income attributable to the Group of One Citygate for the year ended 31st December 2009 were 34.0% and HK\$1.26 million, respectively.

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

We have a 20% interest in all the shop units (with a total LFA of 35,616 square feet) on the ground floor of Tung Chung Crescent. The average occupancy rate of the Tung Chung Crescent commercial podium for the year ended 31st December 2009 was 94.8%. The net rental income attributable to the Group of the Tung Chung Crescent commercial podium for the year ended 31st December 2009 was HK\$5.8 million.

As at 31st March 2010, Citygate (including Novotel Citygate Hong Kong and the Tung Chung Crescent ground floor for this purpose) was valued at HK\$875 million on an attributable basis. See Appendix IV “Property Valuation” to this prospectus.

(vi) *Island Place (港輝城)*

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

The average occupancy rate of Island Place for the year ended 31st December 2009 was 99.2%. The net rental income of Island Place attributable to the Group for the year ended 31st December 2009 was HK\$15.8 million.

As at 31st March 2010, Island Place was valued at HK\$433 million on an attributable basis. See Appendix IV “Property Valuation” to this prospectus.

BUSINESS

(vii) 625 King's Road, North Point, Hong Kong (香港北角英皇道625號)

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

The average occupancy rate of 625 King's Road for the year ended 31st December 2009 was 88.9%. The net rental income attributable to the Group of 625 King's Road for the year ended 31st December 2009 was HK\$27.7 million.

As at 31st March 2010, 625 King's Road was valued at HK\$724 million on an attributable basis. See Appendix IV "Property Valuation" to this prospectus.

(viii) Sincere Insurance Building (先施保險大廈)

We own a major portion of Sincere Insurance Building, which is a 19-storey commercial building located between Hennessy Road and Queen's Road East in Wanchai, Hong Kong with a GFA attributable to the Group of 68,750 square feet (being 84.5% of the total GFA) as at 31st March 2010. A refurbishment programme is expected to commence in the second half of 2010, with completion scheduled in 2011.

As at 31st March 2010, the portion of Sincere Insurance Building which we own was valued at approximately HK\$507 million. See Appendix IV "Property Valuation" to this prospectus.

(ix) StarCrest (星域軒) commercial units and carparking areas

We own the whole of the commercial podium and the carparking areas of StarCrest, a residential development on 9 Star Street, Wan Chai, Hong Kong. The total GFA of these StarCrest commercial units was 13,112 square feet as at 31st March 2010. For the year ended 31st December 2009, the average occupancy rate of these StarCrest commercial units (excluding the carparking areas) was 100% and the net rental income of these StarCrest commercial units and carparking areas was HK\$5.4 million.

As at 31st March 2010, the StarCrest commercial and carparking areas were valued at HK\$147 million. See Appendix IV "Property Valuation" to this prospectus.

(x) 21, 23, 25, 27 and 29 Wing Fung Street, Wan Chai (灣仔永豐街21, 23, 25, 27及29號)

We wholly own a 6-storey building at 21 Wing Fung Street and a 3-storey retail building at 23, 25, 27 and 29 Wing Fung Street, Wan Chai, Hong Kong, with a total GFA of 14,039 square feet. 21 Wing Fung Street was completed in 1992 and 23, 25, 27 and 29 Wing Fung Street was completed in 2006. For the year ended 31st December 2009, the average occupancy rate and the net rental income of 21, 23, 25, 27 and 29 Wing Fung Street were 100% and HK\$2.5 million respectively.

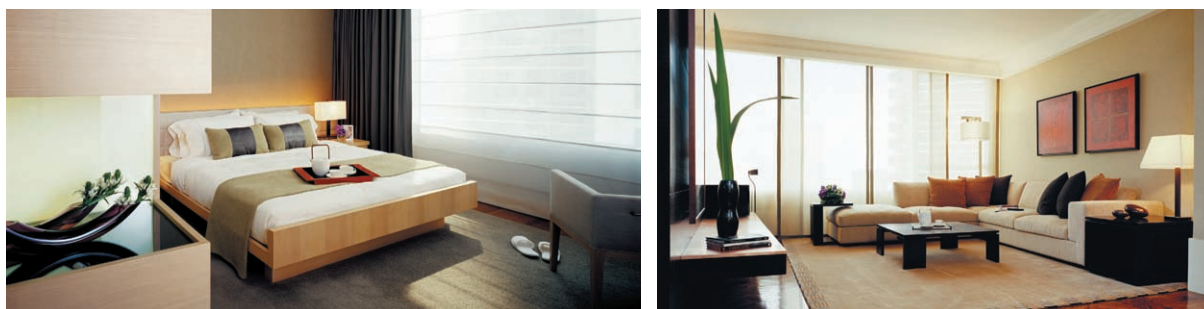
As at 31st March 2010, 21, 23, 25, 27 and 29 Wing Fung Street was valued at HK\$197 million. See Appendix IV "Property Valuation" to this prospectus.

BUSINESS

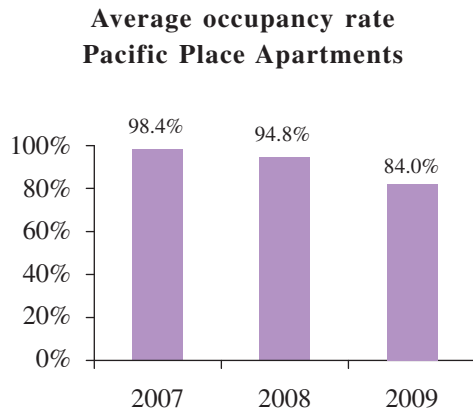
Residential

(i) *Pacific Place Apartments* (太古廣場栢舍)

Pacific Place Apartments comprise 270 fully refurbished serviced apartments located in the same tower as the Conrad Hong Kong in Pacific Place. Pacific Place Apartments have one to three bedrooms, with room sizes ranging from 1,220 square feet to 2,650 square feet. The serviced apartments at Pacific Place were formerly known as Parkside and the Atrium. In 2007, the serviced apartments at the Atrium were converted into The Upper House hotel. The apartments at Parkside, which were renovated in 2005, were refurbished as “Pacific Place Apartments”.



The chart below shows the average occupancy rate of Pacific Place Apartments for the Track Record Period. The occupancy rate as at 31st March 2010 was 87.0%.



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

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

Year ended 31st December	Average effective rent (per square foot)	Net rental income (in millions)
2007	HK\$42.6	HK\$152.6
2008	HK\$51.2	HK\$179.7
2009	HK\$53.0	HK\$162.3

BUSINESS

As at 31st March 2010, Pacific Place Apartments was valued at approximately HK\$6.4 billion. See Appendix IV “Property Valuation” to this prospectus.

(ii) Other residential properties

We also own a residential investment property portfolio of a total GFA of 59,257 square feet on Hong Kong Island, including Rocky Bank at 6 Deep Water Bay Road, House B at 36 Island Road in Deep Water Bay and 6-16 Peel Rise on the Peak, which are located in luxury residential areas of Hong Kong. Our rental income from our residential investment property portfolio for the year ended 31st December 2009 was HK\$27.6 million. Our residential investment property portfolio other than Pacific Place Apartments had a value of HK\$1.6 billion as at 31st March 2010. On 17th April 2010, we entered into a provisional agreement for sale and purchase in respect of our disposal of 6-16 Peel Rise on the Peak for a consideration of HK\$1,098 million. The formal agreement for sale and purchase is expected to be entered into on or before 6th May 2010.

Completed Investment Properties - the PRC

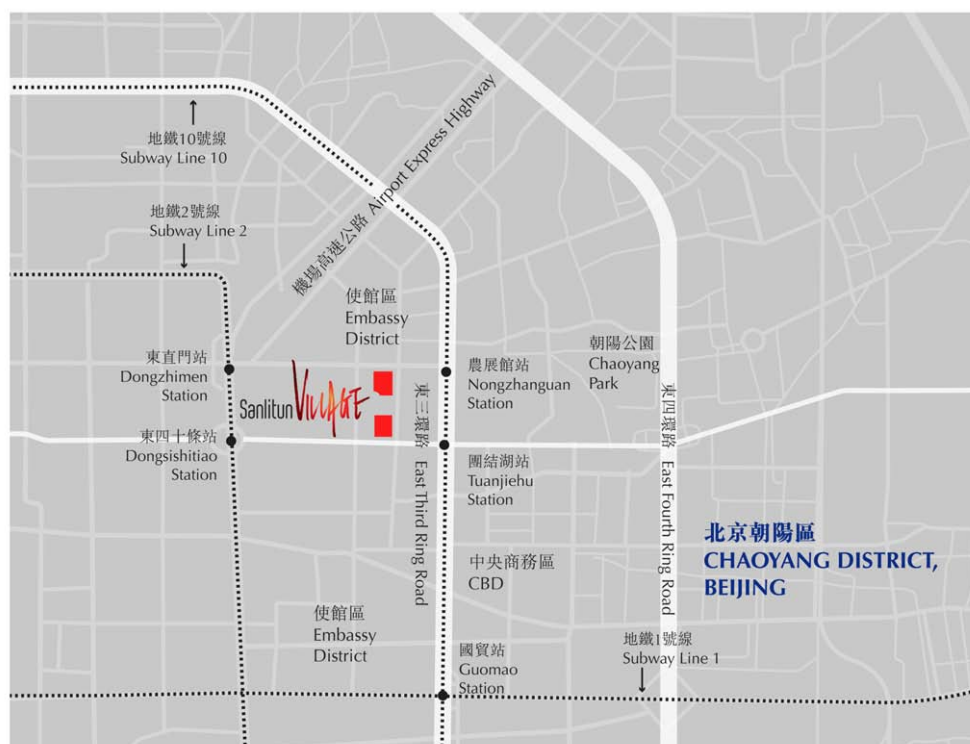
The majority of our PRC properties are still under development. Our completed investment properties in the PRC consist of a mixed use complex in Beijing, namely Sanlitun Village, The Opposite House and the Beaumonde Retail Podium, a retail podium adjacent to TaiKoo Hui in the Tianhe district of Guangzhou, with a total GFA of 1,556,618 square feet (or 144,614 square metres), excluding car parking spaces.

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

In February 2007, we acquired an 80% interest in what has become Village South and Village North of Sanlitun Village, Beijing, which consists of retail space with a total LFA of 930,278 square feet (or 86,425 square metres) and 861 car parking spaces. Sanlitun is a popular area of Chaoyang District, Beijing, adjacent to an embassy area which is popular for its restaurants, bars and retail stores. Sanlitun Village consists of three parts — (i) the southern portion known as Village South, which was opened progressively from July 2008 and has retail space of an aggregate LFA of 564,733 square feet (or 52,465 square metres), (ii) the northern portion known as Village North, which is being progressively opened throughout 2010 and has retail space of an aggregate LFA of 365,545 square feet (or 33,960 square metres), and (iii) The Opposite House, a 99 room small luxury hotel which was opened in 2008 and has a total GFA of 169,463 square feet (or 15,744 square metres) (of which we own 100%).

BUSINESS

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



Our minority joint venture partner (which holds the remaining 20% interest in the non-hotel portions of Sanlitun Village) has the right to require the Company to purchase its interest at a fair price based on the percentage interest held by the minority partner. The fair price will reflect the fair market value of the portions of Sanlitun Village in which our joint venture partner holds a minority interest, subject to certain agreed assumptions and adjusted to reflect the difference between the current assets and the liabilities of (and accrued tax in the ordinary course of the business payable by) the holding company through which the interests of ourselves and our joint venture partner in those portions of Sanlitun Village are held. The right is exercisable on 31st December 2010, 2011, 2012 and 2013.

Village South (三里屯 VILLAGE 南區)

As at 31st December 2009, there were a total of 145 tenants in Village South. The five largest tenants (in terms of rental income for the month ended 31st December 2009) in Village South were (in alphabetical order) adidas, Bestseller Group, Esprit, Ports Group and a global computer, communications and digital media company. These five largest tenants contributed 28.6% of the total rental income of Village South for the month ended 31st December 2009 and accounted for 16.3% of the total leased area of Village South as at 31st December 2009.

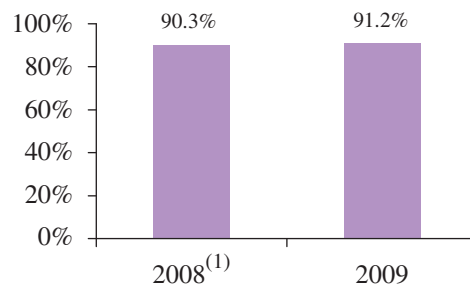
BUSINESS



Village South houses the largest adidas store in the world.

The chart below shows the average occupancy rate of Village South for the periods shown. The occupancy rate as at 31st March 2010 was 94.5%.

**Average Occupancy Rate
Village South**



Note:

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

BUSINESS

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

Average effective rent and net rental income attributable to the Group Village South

Year ended 31st December	Average effective rent (per square foot) ⁽¹⁾	Net rental income attributable to the Group (in millions)
2007	—	—
2008 ⁽²⁾	HK\$26.7	HK\$64.2
2009	HK\$39.4	HK\$92.9

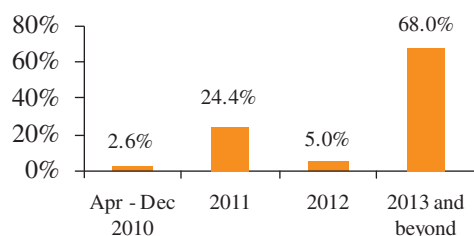
Notes:

(1) Before unrecovered rental outgoings and taxes.

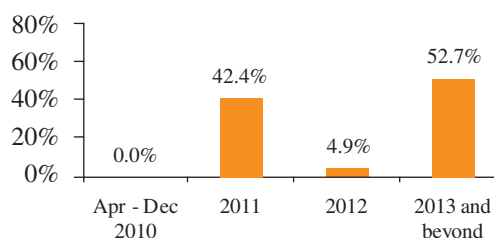
(2) Village South was opened in July 2008.

The weighted average lease term to expiry for Village South was approximately 2.6 years as at 31st March 2010. The charts below show the percentage of the total leased area of Village South taken up as at 31st March 2010 by leases expiring in the periods shown and the percentage of the total rental income of Village South for the month ended 31st March 2010 attributable to those leases.

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



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



Village North (三里屯 VILLAGE 北區)

Village North, which has a total LFA of 365,545 square feet, was partially opened in October 2009. As at 31st March 2010 there were a total of 70 tenants committed by way of letter of intent or tenancy agreement, representing 69% of the total LFA. Village North will continue to open progressively through 2010 as tenants complete their fit-out works. The list of committed tenants includes (in alphabetical order) agnès b., Emporio Armani, and Vivienne Tam together with a selection of restaurants, including (in alphabetical order) Ah Yat Abalone and Haru Teppanyaki.

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

BUSINESS

As at 31st March 2010, Sanlitun Village (including for this purpose The Opposite House) was valued at RMB5.7 billion on an attributable basis. See Appendix IV “Property Valuation” to this prospectus. This compares with the acquisition and post-acquisition costs (on an attributable basis) incurred to 31st March 2010 of RMB5,097 million. We are continuing to invest in further improvement works at Sanlitun Village designed to improve footfall and circulation. The estimated cost of completing the improvement works amounts to approximately RMB221 million.

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

We wholly own and manage, but were not the developer of, the Beaumonde Retail Podium located at 75 Tianhe Dong Road, Tianhe District, Guangzhou. It is adjacent to TaiKoo Hui, our core development project in Guangzhou. For details of TaiKoo Hui, please refer to the section headed “Business — Investment Properties Under Development — The PRC — TaiKoo Hui” in this prospectus. The Beaumonde Retail Podium was opened in November 2008 and has a total LFA of 58,459 square feet (or 5,431 square metres) with a shopping centre with a number of restaurants and 100 car parking spaces.

For the year ended 31st December 2009, the average occupancy rate and the net rental income of the Beaumonde Retail Podium were 62.0% and HK\$6.5 million, respectively.

As at 31st March 2010, The Beaumonde Retail Podium was valued at RMB380 million. See Appendix IV “Property Valuation” to this prospectus.

Hotels

As at 31st March 2010 we managed hotels with 1,328 rooms in aggregate. We are also developing EAST, Beijing as part of the INDIGO project and will manage EAST, Beijing upon its completion. EAST, Beijing is expected to have 367 rooms.

The table below shows our ownership interests and certain data of the hotels owned and/or managed by the Group as at 31st March 2010:

BUSINESS

Hotels Managed by the Group

	<u>Our Ownership</u>	<u>Number of rooms</u>
<i>Hong Kong</i>		
The Upper House	100%	117
EAST, Hong Kong	100%	345
Headland Hotel	0% ⁽¹⁾	501
<i>PRC</i>		
The Opposite House	100%	99
EAST, Beijing ⁽²⁾	50%	367
<i>United Kingdom</i>		
Hotel Kandinsky, Cheltenham ⁽³⁾	100%	61
Avon Gorge Hotel, Bristol	100%	75
Hotel Barcelona, Exeter ⁽³⁾	100%	59
Hotel Seattle, Brighton	100%	71
TOTAL		1,695

Notes:

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

As at 31st March 2010 we also owned (but did not manage) hotels with 2,446 rooms in aggregate. We are also developing the Mandarin Oriental Guangzhou, which will be owned by us as to 97% but will not be managed by us. The Mandarin Oriental Guangzhou is expected to have 262 rooms.

BUSINESS

Hotels Owned (but not Managed) by the Group

	Our Ownership	Management Group	Number of rooms
<i>Hong Kong</i>			
Island Shangri-La Hong Kong	20%	Shangri-La International Hotel Management Limited	565
JW Marriott Hotel Hong Kong	20%	Marriott International	602
Conrad Hong Kong	20%	Conrad International Hotels (HK) Ltd.	513
Novotel Citygate Hong Kong	20%	Accor	440
<i>PRC</i>			
Mandarin Oriental, Guangzhou.....	97%	Mandarin Oriental Hotel Group	262
<i>United States</i>			
Mandarin Oriental, Miami	75%	Mandarin Oriental Hotel Group	326
TOTAL			2,708

Hong Kong

(i) *The Upper House (奕居)*

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

BUSINESS

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



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

	For the period from its opening on 2nd October 2009 to 31st December 2009	For the three months ended 31st March 2010
Average occupancy rate (%)	43.9	59.1
Average daily rate (HK\$).....	3,963	3,485
RevPAR (HK\$)	1,740	2,061
Non-room revenue (HK\$ millions)	17.2	16.5

(ii) EAST (東隅)

EAST, Hong Kong was opened on 25th January 2010. It is adjacent to Cityplaza and has 345 rooms and suites, some of which feature harbour views. Room sizes range from 300 square feet to 650 square feet. EAST, Hong Kong features a 24-hour gymnasium, an outdoor swimming pool, a rooftop bar and a restaurant.

BUSINESS

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

	For the three months ended 31st March 2010
Average occupancy rate (%).....	47.3
Average daily rate (HK\$).....	1,066
RevPar (HK\$).....	505
Non-room revenue (HK\$ million).....	6.8



BUSINESS

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

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



The JW Marriott Hotel Hong Kong

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

The Conrad Hong Kong

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

The Island Shangri-La Hong Kong

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

BUSINESS

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

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

The PRC

The Opposite House (瑜舍)

The Opposite House is a small luxury hotel located at Sanlitun Village in Beijing. The hotel, opened in 2008, has 99 rooms, a swimming pool, a fitness centre and five restaurants and bars. The average room size of The Opposite House is 678 square feet. The Opposite House was selected as one of the Best New Hotels in the World by Conde Nast Traveller U.K. and U.S. in 2009.



The table below sets out the average occupancy rate and other operating data relating to The Opposite House for the period from its opening to 31st December 2009:

	For the years ended 31st December		For the three months ended 31st March
	2008⁽¹⁾	2009	2010
Average occupancy rate (%).....	10.2 ⁽²⁾	33.1 ⁽²⁾	50.2
Average daily rate (RMB).....	3,624 ⁽³⁾	1,615	1,493
RevPAR (RMB)	370	535	749
Non-room revenue (RMB in millions)....	11.1	35.4	8.5

BUSINESS

Notes:

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

The United Kingdom

Avon Gorge Hotel, Hotel Barcelona, Hotel Kandinsky and Hotel Seattle

We wholly own four boutique hotels in the United Kingdom. They are the 75-room Avon Gorge Hotel in Bristol, the 59-room Hotel Barcelona in Exeter, the 61-room Hotel Kandinsky in Cheltenham and the 71-room Hotel Seattle in Brighton. Hotel Barcelona, Exeter and Hotel Kandinsky, Cheltenham are closed for renovation, with work at the latter underway. Refurbishment of Avon Gorge Hotel, Bristol is currently being considered.



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

	For the years ended 31st December		
	2007	2008	2009⁽¹⁾
Average occupancy rate (%)	73.1	64.4	65.8
Average daily rate (£).....	89.64	86.73	79.87
RevPAR (£)	65.50	55.83	52.58
Non-room revenue (£ in millions).....	4.6	4.6	3.0

Note:

- (1) Hotel Kandinsky, Cheltenham and Hotel Barcelona, Exeter are closed for refurbishment.

BUSINESS

The United States

Mandarin Oriental, Miami

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

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

	For the years ended 31st December		
	2007	2008	2009
Average occupancy rate (%).....	72.1	65.7	56.4
Average daily rate (US\$)	391	390	292
RevPAR (US\$).....	282	256	165
Non-room revenue (US\$ in millions)	29.7	27.8	20.9

INVESTMENT PROPERTIES UNDER DEVELOPMENT OR HELD FOR FUTURE DEVELOPMENT

The table below sets forth the GFA and other information of our investment properties under development or held for future development as at 31st March 2010. Information in the table below in respect of each property (other than its valuation) is disclosed in respect of 100% of that property and not on an attributable basis, regardless of whether the property is held through a member of the Group or a jointly controlled or associated company. Valuations in the table below in respect of each property are disclosed on an attributable basis (or by reference to our economic interest).

PRINCIPAL INVESTMENT PROPERTIES UNDER DEVELOPMENT OR HELD FOR FUTURE DEVELOPMENT

Hong Kong

Name of Project	Total Planned GFA (in sq.ft.)	Number of Hotel Rooms	Number of Car parks	Ownership/Economic Interest (%)	Construction Commencement Date for Properties under Development	Expected Completion Date	Estimated Total Development Cost (HK\$ in millions)	Total Development Costs Incurred up to 31st March 2010 (HK\$ in millions)	Land Costs Incurred up to 31st March 2010 (HK\$ in millions)	Other Development Costs Incurred up to 31st March 2010 (HK\$ in millions)	Attributable Independent Valuation as at 31st March 2010 (HK\$ in millions)
Office											
24-34 Hennessy Road (formerly called Tai Sang Commercial Building)	145,513	N/A	—	100.0	2009	2012	1,948	1,435	1,411	24	1,250
Others											
Amalgamation Properties	N/A	N/A	N/A	100.0	N/A	N/A	N/A	N/A	N/A	N/A	2,201 ⁽¹⁾

PRC

Name of Project	Total Planned GFA	Number of Hotel Rooms	Number of Car parks	Ownership/Economic Interest (%)	Construction Commencement Date for Properties under Development	Expected Construction Completion Date	Details of opening by stage	Estimated Total Development Cost (RMB in millions) ⁽²⁾	Total Development Costs Incurred up to 31st March 2010 (RMB in millions) ⁽²⁾	Land Costs Incurred up to 31st March 2010 (RMB in millions) ⁽²⁾	Other Development Costs Incurred up to 31st March 2010 (RMB in millions) ⁽²⁾	Attributable Independent Valuation as at 31st March 2010 (RMB in millions) ⁽²⁾
TaiKoo Hui, Guangzhou												
Retail	1,486,196 sq.ft. (or 138,071 sq.m.)	N/A	—	97.0	2007	2010	Q4 2010	5,857	2,990	431	2,559	6,591
Office	1,722,100 sq.ft. (or 159,987 sq.m.)	N/A	—	97.0	2007	2010-2011	Q1/Q2 2011					
Hotel	586,961 sq.ft. (or 54,530 sq.m.)	262	—	97.0	2007	2011	Q4 2011					
Serviced apartments	54,251 sq.ft. (or 5,040 sq.m.)	24	—	97.0	2007	2011	Q4 2011					
Carpark	465,134 sq.ft. (or 43,212 sq.m.)	—	859	97.0	2007	2010	Q4 2010					
Dazhongli, Shanghai												
Retail	1,062,719 sq.ft. ⁽⁶⁾ (or 98,729 sq.m.)	N/A	—	50.0	2010	2014 onwards	2014 onwards	15,497 ⁽³⁾	7,192	6,866	326	4,957
Office	1,897,413 sq.ft. ⁽⁶⁾ (or 176,274 sq.m.)	N/A	—	50.0	2010							
Hotel	513,443 sq.ft. ⁽⁶⁾ (or 47,700 sq.m.)	458	—	50.0	2010							
Carpark	1,170,800 sq.ft. ⁽⁶⁾ (or 108,770 sq.m.)	—	1,490	50.0	2010							

BUSINESS

Name of Project	Total Planned GFA	Number of Hotel Rooms	Number of Car parks	Ownership/Economic Interest (%)	Construction Commencement Date for Properties under Development	Expected Construction Completion Date	Details of opening by stage	Estimated Total Development Cost (RMB in millions) ⁽²⁾	Total Development Costs Incurred up to 31st March 2010 (RMB in millions) ⁽²⁾	Land Costs Incurred up to 31st March 2010 (RMB in millions) ⁽²⁾	Other Development Costs Incurred up to 31st March 2010 (RMB in millions) ⁽²⁾	Attributable Independent Valuation as at 31st March 2010 (RMB in millions) ⁽²⁾
INDIGO, Beijing												
Retail	921,032 sq.ft. (or 85,566 sq.m.)	N/A	—	50.0	2009	2011	Q4 2011	4,025 ⁽⁴⁾	1,229 ⁽⁵⁾	702	527 ⁽⁵⁾	1,008
Office	603,710 sq.ft. (or 56,086 sq.m.)	N/A	—	50.0	2009	2011	Q4 2011					
Hotel	368,484 sq.ft. (or 34,233 sq.m.)	367	—	50.0	2009	2011	2012					
Carpark	1,405,531 sq.ft. (or 130,577 sq.m.)	—	1,245	50.0	2009	2011	Q4 2011					

Notes:

- (1) Valued internally by qualified surveyors.
- (2) The valuation and the construction costs refer to the valuation and the construction costs of the entire project comprising retail, office, hotel and, in the case of TaiKoo Hui, serviced apartment components.
- (3) In addition, we invested RMB550 million as premium to acquire a 50% interest in the joint venture which owns the Dazhongli project. The estimated total development cost represents the Company's current cost assessments based on its current expectations as to the GFA mix, would be subject to change, for example, if the usage mix changes and in any event will be refined as more detailed plans for the development are adopted.
- (4) This includes improvement costs of approximately RMB500 million relating to neighbouring areas, which have been provided for in our financial statements.
- (5) Before providing for the improvement costs referred to in note (4) above.
- (6) These figures represent the Company's current expected usage mix. The GFA of each portion is subject to final determination and agreement with the local government and could change.

BUSINESS

Hong Kong

(i) *24-34 Hennessy Road (軒尼詩道24-34號) (formerly called Tai Sang Commercial Building (大生商業大廈))*

Tai Sang Commercial Building is located in Wan Chai at 24-34 Hennessy Road, Hong Kong. We acquired this commercial building in November 2007. The redevelopment of this building is expected to be completed in 2012. The aggregate GFA upon completion is expected to be 145,513 square feet. The total development cost is expected to be HK\$1,948 million and the average development cost per gross square foot is expected to be HK\$13,387.

As at 31st March 2010, 24-34 Hennessy Road was valued at HK\$1,250 million. See Appendix IV “Property Valuation” to this prospectus.

(ii) *Amalgamation Properties*

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

As at 31st March 2010, Amalgamation Properties were valued at HK\$2,201 million, which represented less than 1.5% of the aggregate valuation of our property portfolio as at the same date.

The PRC

(i) *TaiKoo Hui (太古滙), Guangzhou*

We have a 97% interest in a joint venture with Guangzhou Da Yang Real Estate Development Company (under the Guangzhou Daily Group) to own and develop TaiKoo Hui, a large retail-led mixed use development in the Tianhe District, the central business district of Guangzhou. TaiKoo Hui is expected to comprise prime retail space, two grade A office towers, a 5-star hotel to be operated by Mandarin Oriental Hotel Group and a cultural centre, together with 859 carparking spaces. TaiKoo Hui is expected to have direct metro connections from Guangzhou’s metro line 3 and metro line 1. Construction is in progress with the towers having been topped out in January 2010. We are planning a phased opening beginning with the retail mall in the fourth quarter of 2010, office tower 1 and tower 2 in the first quarter and second quarter of 2011 respectively and the hotel and serviced apartments in the fourth quarter of 2011. As at 31st March 2010, we had secured tenants for approximately 81% of the retail LFA and approximately 43% of the office GFA of TaiKoo Hui. HSBC has entered into a memorandum of agreement with us to lease up to 27 floors of our office development at TaiKoo Hui. This accounts for approximately 43% of the GFA of the TaiKoo Hui office towers.

BUSINESS

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

	<u>GFA</u>
Retail.....	1,486,196 sq.ft. (or 138,071 sq.m.)
Office	1,722,100 sq.ft. (or 159,987 sq.m.)
Hotels/serviced apartments	641,212 sq.ft. (or 59,570 sq.m.)
Total for retail, office and hotels/serviced apartments	3,849,508 sq.ft. (or 357,628 sq.m.)
Cultural centre ⁽¹⁾	558,296 sq.ft. (or 51,867 sq.m.)
Carparks	465,134 sq.ft. (or 43,212 sq.m.)
Substation ⁽¹⁾	42,873 sq.ft. (or 3,983 sq.m.)

Note:

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

Upon completion, the retail portion of TaiKoo Hui is expected to have a total LFA of approximately 632,999 square feet (or 58,807 square metres). The office portion of TaiKoo Hui is leased on a GFA basis.

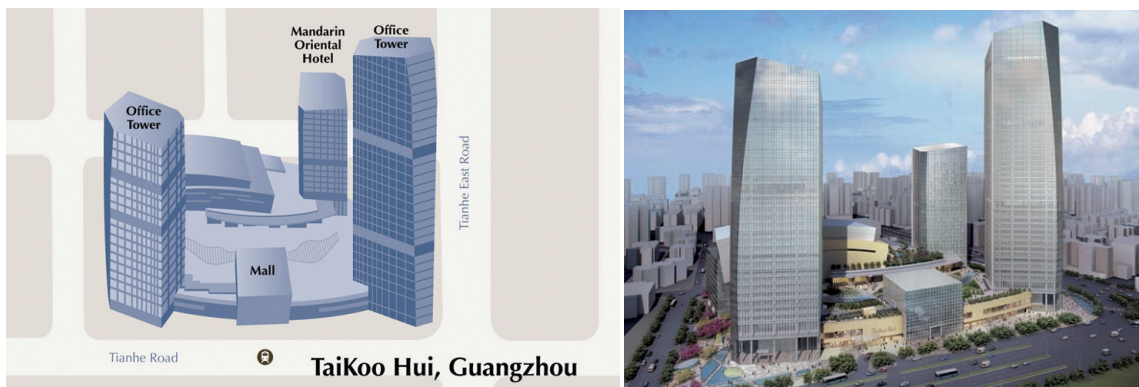


BUSINESS

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



Below are artists' impressions of the TaiKoo Hui project, which may not represent the eventual state of the property development.



The total development cost for TaiKoo Hui is expected to be RMB5,857 million. The average development cost for TaiKoo Hui per square foot of retail, office and hotels/serviced apartments GFA is expected to be RMB1,521.

BUSINESS

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

(ii) *INDIGO (頤堤港), Beijing*

In February 2008, we acquired from Sino-Ocean Land a 50% interest in a company which was set up to own, develop and manage a substantial retail-led, mixed use project in Jiang Tai in the Chaoyang district of Beijing, which is expected to open in 2011 and is intended to be a regional retail destination. INDIGO is expected to comprise a major retail mall, a Grade A office tower and a 367-room lifestyle business hotel, EAST, Beijing, together with 1,245 car parking spaces. Construction work is progressing with foundations and the below ground structure largely complete. The above ground superstructure works are scheduled for completion in 2011. A phased opening is planned with the retail area and office tower to open in the fourth quarter of 2011 and the hotel in the first quarter of 2012. Preliminary leasing of approximately 9% of the retail space has been committed.

The following shows the expected mix of space at the INDIGO project when it is completed:

	GFA
Retail.....	921,032 sq.ft. (or 85,566 sq.m.)
Office	603,710 sq.ft. (or 56,086 sq.m.)
Hotels	368,484 sq.ft. (or 34,233 sq.m.)
Total for retail, office and hotels	1,893,226 sq.ft. (or 175,885 sq.m.)
Carparks	1,405,531 sq.ft. (or 130,577 sq.m.)

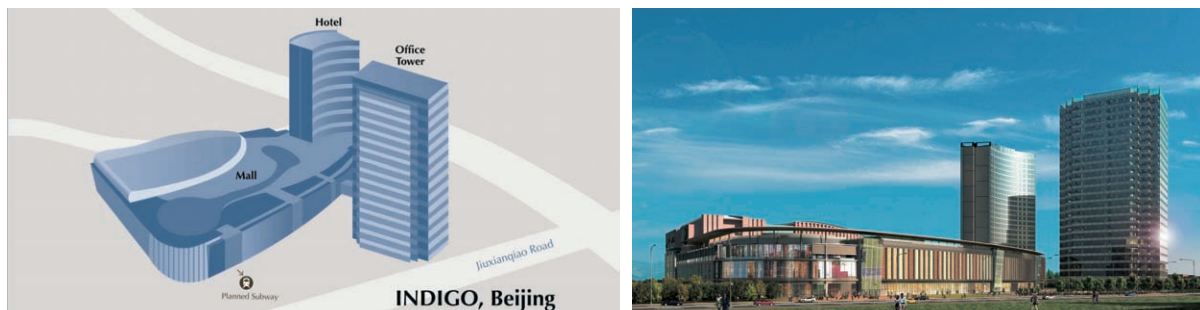
Upon completion, the retail portion of INDIGO is expected to have a total LFA of approximately 481,334 square feet (or 44,717 square metres). The office portion of INDIGO is expected to be leased on a GFA basis.

BUSINESS

A map showing the location of INDIGO is set out below.



Below are artists' impressions of the project, which may not represent the eventual state of the property development:



The total development cost for INDIGO is expected to be RMB4,025 million. The average development cost for INDIGO per square foot of retail, office and hotel GFA is expected to be RMB2,126.

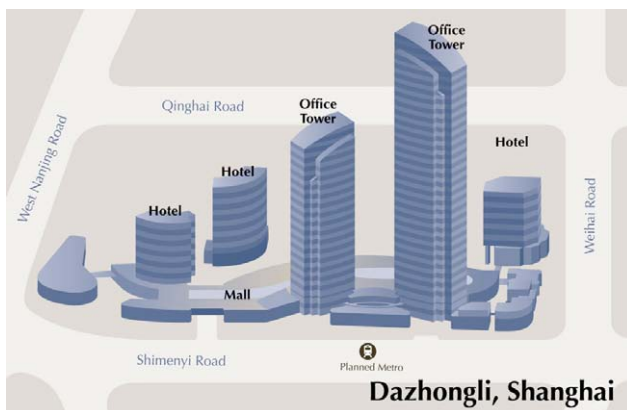
Our investment in the INDIGO development is accounted for using the equity method of accounting as that investment is in a jointly controlled company.

(iii) *Dazhongli (大中里), Shanghai*

The Dazhongli project is expected to be a major retail-led mixed use project in the Jing'an district of Shanghai. Jing'an district is one of the prime business and residential districts in Puxi, bordering Huangpu in the east and Changning in the west and including the established Nanjing Road high end retail area.

BUSINESS

Below is a map showing the location of the Dazhongli project. Also below are artists' impressions of the project, which may not represent the eventual state of the property development:



Upon completion, the Dazhongli project is expected to have a total GFA of 3,473,575 square feet (or 322,703 square metres) and carparking spaces with a total GFA of 1,170,800 square feet (or 108,770 square metres). The Company expects (on the basis of the current plan of the Dazhongli project) the retail, office and hotel portions of the Dazhongli project to have a GFA of 1,062,719 square feet (or 98,729 square metres), 1,897,413 square feet (or 176,274 square metres) and 513,443 square feet (or 47,700 square metres), respectively. The GFA of each portion is subject to final determination and agreement with the local government and could change.

Based on the Company's expectations as to GFA referred to above, upon completion, the retail and office portions of the Dazhongli project are expected to have a LFA of approximately 595,120 square feet (or 55,288 square metres) and 1,366,135 square feet (or 126,917 square metres), respectively.

BUSINESS

In December 2006, we acquired from HKR International a 50% interest in the Dazhongli project in the Jing'an district of Shanghai, to hold, develop and manage the Dazhongli project jointly. The development is expected to comprise a major retail centre, two office towers, 3 hotels and 1,490 car parking spaces. There is expected to be direct access from Shanghai's metro line 13, which is currently under construction. Site clearance and resettlement works are close to being completed with 99% of households relocated as at 31st March 2010. Preliminary works have commenced with the relocation of the Minli Middle School completed and utility diversion works for the metro station in Shimenyi Road progressing. According to the land grant contract dated 16th June 2009 for the site of the Dazhongli project with the Department of Planning and Land Administration of Jing'an District Government of Shanghai Municipality, the construction of Dazhongli project should commence prior to 31st January 2010, failing which, the land may be regarded as idle land under relevant PRC laws and regulations. Pursuant to the construction permit dated 8th September 2009 issued by the General Office of the Administration of Construction Industry of Shanghai Municipality, the construction of the Dazhongli project had already commenced in July 2009. Hence the land should not be regarded as idle land. The Dazhongli project is expected to open in phases from 2014 onwards, the opening having been deferred due to the need to complete site clearance and to accommodate the construction of a metro station adjacent to the site and to the likely suspension of works because of the 2010 Expo in Shanghai.

The total development cost of the Dazhongli project is estimated by the Company to be approximately RMB15,497 million. In addition, we invested RMB550 million to acquire our 50% interest in the project. On this basis, our average development cost for the Dazhongli project per square foot of retail, office and hotel GFA is estimated to be approximately RMB4,778. These figures represent the Company's current estimate, would be subject to change if the usage mix changes and in any event will be refined as more detailed plans for the development are adopted.

Our investment in the Dazhongli project is accounted for using the equity method of accounting as our investment is in a jointly controlled company.

PROPERTY TRADING

We have a well-established record in property trading. We are involved in the development of residential property for sale and our experience in this field includes developing the landmark Taikoo Shing (太古城) estate in Quarry Bay comprising approximately 12,700 units, one of the first major privately built residential estates in Hong Kong.

Our trading portfolio comprises completed apartments for sale at the ASIA development in Miami, Florida, and Island Lodge in Hong Kong, where we are the appointed developer, as well as properties and land under development in Hong Kong and Florida.

Operating profits from property trading for the three years ended 31st December 2009 amounted to HK\$2 million, HK\$38 million and HK\$141 million, respectively.

The table below sets forth the GFA and other information of our development properties for sale as at 31st March 2010. Information in the table below in respect of each property (other than its valuation) is disclosed in respect of 100% of that property and not on an attributable basis, regardless of whether the property is held through a member of the Group or a jointly controlled or associated company. Valuations in the table below in respect of each property are disclosed on an attributable basis (or by reference to our economic interest).

PRINCIPAL PROPERTY DEVELOPMENTS FOR SALE

Hong Kong

Name of Project	Total GFA/ planned GFA (in sq.ft.)	Number of Units	Number of Car parks	Ownership/ Economic Interest (%)	Construction Commencement Date	Actual/ Expected Construction Completion Date	Actual/ Estimated Total Development Costs (HK\$ in millions)	Total Development Costs Incurred to Date (HK\$ in millions)	Land Costs Incurred to Date (HK\$ in millions)	Other Development Costs Incurred to Date (HK\$ in millions)	Attributable independent valuation as at 31st March 2010 (HK\$ in millions)
Completed trading property⁽¹⁾											
Island Lodge ⁽²⁾	15,946 (residential)	13 residential units and 8,611 units and (retail) 7 shop units	16	N/A	2007	2008	N/A	54	N/A	54	81
Trading properties under development											
4, 4A, 6, 6A Castle Steps; 2A-2E Seymour Road; 23, 25, 27, 29 Castle Road	206,306	—	45	87.5	2007	2012	1,782	835	627 ⁽⁴⁾	208	2,685
51-53 Seymour Road	75,805	—	24	100.0	2009	2012	1,005	541	503 ⁽⁴⁾	38	1,015
25A-35 Seymour Road	165,792	—	—	100.0	2009	2014	2,057	1,264	1,228 ⁽⁴⁾	36	2,092
92-102 Caine Road	195,531	—	43	100.0	2011	2015	2,397	1,423	1,420 ⁽⁴⁾	3	2,232
Sai Wan Terrace	151,944	—	65	80.0	2009	2013	1,452	695	668 ⁽⁴⁾	27	987
5 Star Street	17,663	—	—	100.0	2008	2010	134	70	31 ⁽⁴⁾	39	243
Trading property held for future development											
8-10 Wong Chuk Hang Road, Aberdeen	382,500	—	39	50.0	N/A	On hold	N/A	418	394	24	112

United States

Name of Project	Total GFA/ planned GFA (in sq.ft.)	Number of Units	Number of Car parks	Ownership/ Economic Interest (%)	Construction Commencement Date	Actual Construction Completion Date	Total Development Costs (US\$ in millions)	Total Development Costs Incurred to Date (US\$ in millions)	Land Costs Incurred to Date (US\$ in millions)	Other Development Costs Incurred to Date (US\$ in millions)	Attributable independent valuation as at 31st December 2009 (US\$ in millions)
Completed trading property⁽¹⁾											
ASIA, Miami	98,381	43 ⁽³⁾	—	100.0	2006	2008	N/A	42	1	41	50

Notes:

- (1) Information about any completed trading property relates to the unsold units in that property.
- (2) We are entitled to reimbursement of costs and also to payment of development fees pursuant to a contractual arrangement. The valuation reflects our economic interest in the unsold units and car parking spaces pursuant to that contractual arrangement. The total GFA represents the gross area as per the developer's brochure.
- (3) Represents outstanding unsold units. As at 31st March 2010, a total of 80 units had been sold and delivered. Of these units, 12 were sold and delivered during the year ended 31st December 2009.
- (4) Represents the fair market value of the land before the property was reclassified as a trading property.

BUSINESS

Hong Kong

(i) Island Lodge (港濤軒)

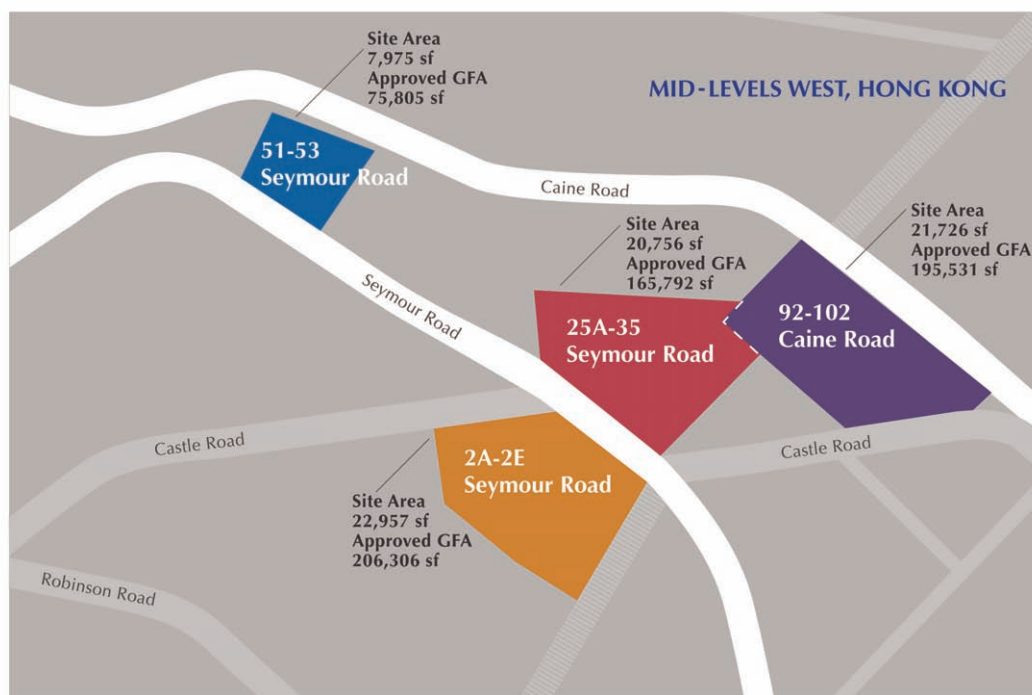


Island Lodge located at 180 Java Road, North Point comprises 184 residential units, seven shop units and 50 car parking spaces and has a GFA of 181,552 square feet. The residential unit sizes of this 45-storey building range from 777 square feet to 2,265 square feet. We are the appointed developer of Island Lodge, which is owned by a subsidiary of China Motor Bus Company Limited. We are entitled to reimbursement of costs and also to payment of development fees under the terms of this appointment. The occupation permit for Island Lodge was obtained in 2008. 171 residential units and 34 car parking spaces had been sold as at 31st March 2010. 97 of those 171 residential units were sold prior to completion.

BUSINESS

(ii) Residential developments in Mid-Levels West, Hong Kong

We have acquired three sites in Mid-Levels West, Hong Kong for residential developments. A map showing the locations of these sites is set out below:



(a) 2A-2E Seymour Road (西摩道2A-2E號)

2A-2E Seymour Road is a residential development in the Mid-Levels West of Hong Kong. We hold a 87.5% interest in the development, and the remaining interest is held by Henderson Land Development Company Limited. The superstructure works were in progress as at the Latest Practicable Date. The development is expected to be completed in 2012, and will consist of a 50-storey tower of residential units and 45 car parking spaces with a total GFA of 206,306 square feet. The total development cost is expected to be HK\$1,782 million and the average development cost per square foot is expected to be HK\$8,638.

As at 31st March 2010, 2A-2E Seymour Road was valued at HK\$2,685 million on an attributable basis. See Appendix IV “Property Valuation” to this prospectus.

(b) 51-53 Seymour Road (西摩道 51-53號)

51-53 Seymour Road is a residential development project wholly owned by our Group. Foundation works were in progress as at the Latest Practicable Date. It is expected to be completed in 2012, and will consist of a 37-storey tower of residential units and 24 car parking spaces with an aggregate GFA of 75,805 square feet. The total development cost is expected to be HK\$1,005 million and the average development cost per square foot is expected to be HK\$13,258.

As at 31st March 2010, 51-53 Seymour Road was valued at HK\$1,015 million. See Appendix IV “Property Valuation” to this prospectus.

BUSINESS

(c) *25A-35 Seymour Road and 92-102 Caine Road (西摩道25A-35號及堅道92-102號)*

25A-35 Seymour Road and 92-102 Caine Road is a residential development project wholly-owned by our Group. We plan to clear the entire site by the end of 2010 for the construction of two residential towers of 50 and 52 storeys with an aggregate GFA of 361,323 square feet. The total development cost is expected to be HK\$4,454 million and the average development cost per square foot is expected to be HK\$12,327.

As at 31st March 2010, 25A-35 Seymour Road and 92-102 Caine Road was valued at HK\$4,324 million. See Appendix IV “Property Valuation” to this prospectus.

To enhance the environment, safety and accessibility of the neighbourhood, we plan to upgrade certain pedestrian walkways, widen a number of pavements and build a pedestrian staircase between Seymour Road and Caine Road to connect Castle Steps with Shing Wong Street, subject to the necessary approvals.

(iii) *Sai Wan Terrace (西灣臺)*

We have a 80% interest in Sai Wan Terrace, a residential development in Quarry Bay, Hong Kong, and the remaining interest is held by Henderson Land Development Company Limited and a third party.

Site formation work began in 2009. The development is expected to be completed in 2013, subject to agreement and payment of a premium to government for modification of the lease conditions, and will consist of two 22-storey towers of residential units and 65 basement car parking spaces with an aggregate GFA of 151,944 square feet upon completion. The total development cost is expected to be HK\$1,452 million and the average development cost per square foot is expected to be HK\$9,556.

As at 31st March 2010, Sai Wan Terrace was valued at HK\$987 million on an attributable basis. See Appendix IV “Property Valuation” to this prospectus.

(iv) *5 Star Street (星街 5號)*

5 Star Street is located in Wanchai, Hong Kong and is within walking distance of Three Pacific Place. We have a 100% interest in this project. 5 Star Street is expected to be completed in late 2010, and will consist of a 29-storey tower of residential units with an aggregate GFA of 17,663 square feet upon completion. The ground floor retail spaces will be retained and held for investment purpose. The total development cost is expected to be HK\$134 million and the average development cost per square foot is expected to be HK\$7,586.

As at 31st March 2010, 5 Star Street was valued at HK\$243 million. See Appendix IV “Property Valuation” to this prospectus.

Pre-sale of the units at 5 Star Street began in February 2010. As at 31st March 2010, 18 units or 72% of the total number of units had been sold. The average selling price per square foot of the units sold up to 31st March 2010 was HK\$18,475.

BUSINESS

(v) 146-148 Argyle Street

We entered into a memorandum of understanding with IP Property Fund Asia Limited on 25th March 2010 for the acquisition from IP Property Fund Asia Limited of its 50% interest in 146-148 Argyle Street, which is a residential development project in Kowloon with a gross floor area of not more than 8,227 square metres (or approximately 88,555 square feet). Three individuals own the remaining 50% interest in the project. Under the memorandum of understanding, subject to, among other things, (a) our satisfaction with the results of our due diligence on the project and (b) the terms of the sale and purchase agreement in respect of its 50% interest in the project having been agreed, the sale and purchase agreement is expected to be signed after the Listing Date.

The United States

Brickell Key, Miami

We acquired from the Retained Group on 25th January 2010 all the shares in Swire Properties US Inc. and Swire Properties One Inc., which have been active in the development of investment and trading properties in Florida, United States since the 1970s. Our primary focus is on Brickell Key (an island, as shown below) in downtown Miami, where a number of commercial and residential properties have been developed.



BUSINESS

ASIA, located on the northern edge of Brickell Key, is a luxury high rise residential condominium with 123 units. The property was completed in April 2008. As at 31st March 2010, 80 units had been sold and delivered. The average size of these units is approximately 2,300 square feet. The average selling price of units sold up to 31st March 2010 is approximately US\$623 per square foot.

Brickell CitiCentre is a site of 246,573 square feet in the Brickell financial district in Miami, Florida. The site is permitted to be developed into a mixed use predominantly residential and retail complex.

The Fort Lauderdale properties comprise three vacant land parcels, which are in aggregate 182,191 square feet. The land is intended to be developed into a mixed use project and is held by a partnership which is 75% owned by the Company.

The Mandarin Residence site on Brickell Key comprises 105,372 square feet at the southern tip of Brickell Key island adjacent to the Mandarin Oriental, Miami.

PROPERTY DEVELOPMENT BUSINESS

In addition to developing properties owned by us, we were also, as at the Latest Practicable Date, in the process of redeveloping a property owned by Swire Pacific at 53 Stubbs Road, The Peak, Hong Kong. 53 Stubbs Road is a prime residential development located in the Peak, an exclusive residential area. Site formation and foundation works began in 2009 for a 12-storey residential building of 68,242 square feet. Gehry Partners, LLP, the firm led by the Pritzker prize winning architect Frank Gehry, has been commissioned as design architect for 53 Stubbs Road.

The development is expected to be completed in 2012. The aggregate GFA upon completion is expected to be 68,242 square feet. The total development cost is expected to be HK\$1,845 million and the average development cost per square foot is expected to be HK\$27,036.

For information on the key terms of our development agreement in respect of 53 Stubbs Road with Swire Pacific, please refer to the section headed “Relationship with the Controlling Shareholders — Retained Properties” in this prospectus.

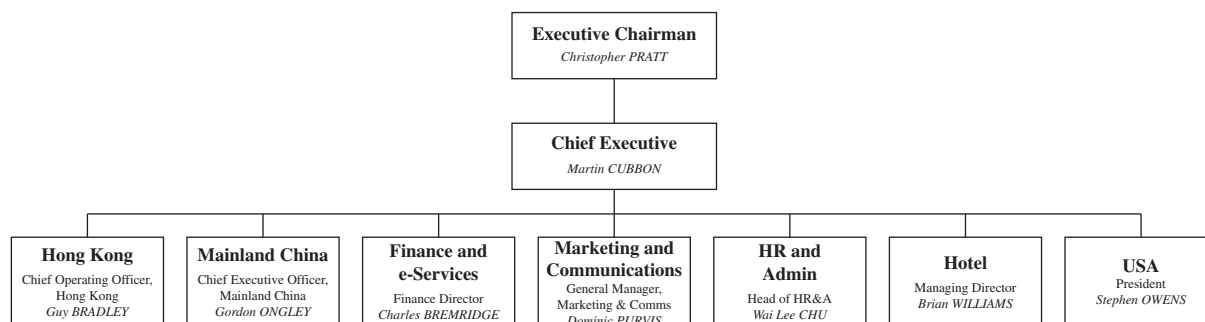
BUSINESS

Below is a picture of a model of the Stubbs Road project, which may not represent the eventual state of the property development:



ORGANISATION OF BUSINESS

The following chart summarises the organisation of our business:



PLANNING AND DEVELOPMENT

Hong Kong

The development process for each proposed new development is managed by a development team. Led by a senior manager from our development and valuations department, each development team is made up of representatives from the development and valuations, project management, finance, sales and portfolio management departments. The development team seeks support where necessary from estate management, marketing, sustainable development and technical services departments. This structure has been in place for over 10 years and the development team is accountable to the Directors for the performance of each project. We believe that, by employing a fully integrated design, construction and hand over process through a multi-disciplined team for each project, we are able to create value through a combination of effective cost control and good time and quality management of product. The development team may appoint and coordinate the use of external consultants, architects, engineers, interior designers and surveyors, as and where necessary.

BUSINESS

Project Appraisal. Our development and valuations department is responsible for project appraisal. Before any commitment is made in respect of a project, the development and valuations department, comprising over 20 professionally qualified surveyors, will conduct site inspections, draw up financial models and carry out qualitative analyses to evaluate feasibility and potential profitability. Where appropriate, assistance will be sought from the project management department on issues relating to technical, engineering, design and material cost, as well as the sales team on issues relating to market demand. We believe that all these pre-purchase measures help us acquire land prudently and develop our projects with clear market positioning from the outset.

Site Acquisition. Responsibility for site acquisition rests with the development and valuations department, which reports to the appropriate Director, who would oversee either the bidding at auctions, the submission of tender documentation or the negotiation of private sales as appropriate.

Land and Planning Issues. The development and valuations department undertakes applications for lease modifications, land-exchange and liaison with the Planning and Lands Departments of the Hong Kong government and Town Planning Board officials.

Valuations. The development and valuations department handles all valuations for the purpose of accounts, feasibility studies, acquisitions, disposals, land premiums, rating and insurance. The development and valuations department conducts a biannual valuation exercise for our investment property portfolio in parallel with the independent valuation carried out by a third party professional valuer.

PRC

The planning, development and land acquisition functions of our PRC operations are undertaken by the business development teams located in our regional offices in Beijing, Shanghai, Guangzhou and Chengdu, who evaluate new opportunities and through the Chief Executive Officer Mainland China seek Board approval for new projects. In addition to developing projects with our PRC joint venture partners, we have the ability to develop and manage properties in the PRC on our own. For example, we have independently developed and managed the TaiKoo Hui project in Guangzhou with strong support from our joint venture partner.

We have established four regional offices as we believe that local knowledge is critical to making informed choices. Each regional office is headed by an experienced property professional with substantial experience in the PRC real estate market.

We engage third party, architects, surveyors, engineers and other consultants on a project by project basis to evaluate individual projects.

Land Acquisitions. We have to date acquired our principal PRC properties through private negotiation rather than through public auction or tender. We believe that our reputation as a premium developer providing high quality design, development and management, as demonstrated through our Hong Kong portfolio, has resulted in offers to acquire development sites or invitations to enter into joint venture agreements. We believe that this reputation extends to district and city governments who have approached us about site development and expect new opportunities to be forthcoming. However, we may not always be able to acquire suitable land in the PRC at a reasonable cost. See the section headed “Risk Factors — Risk Relating to Our Business — We may not always be able to obtain suitable land reserves at reasonable cost” in this prospectus.

BUSINESS

For long term investment we will where possible identify opportunities that have the same characteristics as those in Hong Kong, in particular good access and transport links.

Vietnam

We may expand into Vietnam as and when appropriate opportunities arise. We established a representative office in Ho Chi Minh City, Vietnam in early 2009. The strategy is to look for retail-led mixed use development opportunities in prime locations in Ho Chi Minh City, including where possible residential properties for sale. We currently do not have any property projects in Vietnam.

PROJECT MANAGEMENT

Hong Kong

Responsibility for management of the design, construction and building hand over process of a project rests with our projects department. The role of the projects department is to make any necessary applications under the Buildings Ordinance, award contracts to construction contractors, appoint independent consultants and monitor and supervise progress, especially in respect of construction quality and adherence to budget and schedule.

Design. Our design approach is one of understated elegance. We use high quality materials and pay strong attention to detail in designing and building our developments. We work with world-class overseas and local designers with a view to achieving creative, innovative and elegant designs while being sensitive to its environmental and social responsibilities.

Procurement. Responsibility for preparing, soliciting and awarding tenders for demolition, site formation, construction and fixtures and fittings rests with the Projects Department.

PRC

We have a dedicated project team for each of our development projects, which is headed by an experienced construction professional as project director. In the case of our joint ventures, we typically second experienced construction staff to the joint venture in order to monitor the quality and other aspects of the project.

Each project director manages a team of architects, engineers, surveyors and other professionals with a view to ensuring that the design intent is achieved. Extensive on-site management is required to monitor the quality of workmanship and adherence to construction drawings.

CONTRACTING

Hong Kong

Construction. Apart from ownership of a landscaping contracting company, Oriental Landscapes Limited, we do not have any in-house construction contracting capability. Instead, we typically contract out our construction work to independent construction companies through a tender process. The projects department is responsible for selecting our construction contractors, taking into account the reputation of the contractors for reliability, quality and safety, price quotations and the references

BUSINESS

provided in the selection process. The quality and timeliness of the construction is warranted by contract. The projects department monitors cost control and construction progress closely during construction with strong on-site supervision and stringent quality control procedures.

Generally, we use three different types of construction contract. When the design of a project or part of a project is mature and the chance of design variations during construction is small, then a lump sum fixed price format is usually adopted. This format is also used for design and build contracts such as those for foundations designed by the contractor. Guaranteed maximum price contract conditions are employed where design development risks are shared with the contractor while at the same time the price is capped. Target cost contracts are adopted mainly for renovations, where the contractor's input is necessary in order to resolve unforeseen issues involving the condition of the property and delays due to late responses from tenants.

Others. We have direct contracts with suppliers, for instance of artwork, landscaping, utility services and signage.

PRC

Construction. We do not operate our own contracting company. We typically contract out our construction work to independent construction companies through a tender process. The Project Director is responsible for selecting construction contractors taking into account the reputation of the contractors for reliability, quality, safety and the prices tendered. The quality and timeliness of the construction are warranted by contract. The relevant project teams monitor cost control, quality assurance and construction progress with on-site supervision to ensure quality verification and control procedures.

We require construction companies to comply with PRC laws and regulations relating to the quality of construction as well as our own standards and specifications. The contract is usually a lump sum fixed price that provides for payments based on construction progress. Typically 10% of the contract price is withheld from each progress payment to cover any potential expenses arising from construction defects. The retention sums are released to the construction contractors in stages: (a) 2.5% when obtaining occupation permit, (b) 5.0% after full and satisfactory submission of completion drawings and documentation and (c) 2.5% when defects are fully rectified after the expiry of the defects liability period.

For 2007, 2008 and 2009, purchases from our single largest contractor accounted for approximately 58.3%, 22.0% and 29.6%, respectively, of our total purchases from contractors for the respective periods. For the same periods, purchases from our five largest contractors accounted for approximately 64.0%, 50.6% and 78.2%, respectively, of our total purchases from contractors for the respective period.

None of the Directors, their associates nor Swire Pacific had any interest in our five largest suppliers during the Track Record Period.

BUSINESS

MARKETING

Hong Kong

Our Marketing and Communications Department is made up of central teams overseeing corporate and portfolio marketing and public affairs.

Marketing responsibilities include managing the corporate brand, providing marketing support to the leasing and sales teams, communicating corporate initiatives to key target audiences, and providing marketing input to the project design process. Major corporate-level communications tools, such as websites, showsuites, videos and marketing collateral, are designed for use by portfolio management teams. The retail and office promotions teams, the residential sales and marketing teams and the hotel marketing teams are responsible for campaigns such as product launches and campaigns to build traffic and sales. Research programmes and major marketing initiatives in relation to leasing are led by the central marketing team, typically coordinating the needs of several portfolios.

Our public affairs department focuses on communications to the media, stakeholder engagement (particularly with district councils), reputational issues and community engagement. It tracks public perception of a variety of issues affecting the Company and manages campaigns to address such issues where appropriate. The Swire Properties community ambassador (staff volunteering) programme is managed by the public affairs department, as are the Group's corporate social responsibility initiatives and community outreach, education, youth and arts programmes.

PRC

Our corporate marketing is led by our corporate marketing team based in Hong Kong. This team determines corporate marketing strategies for the Swire Properties brand. Individual project marketing is the responsibility of the individual portfolio head for each project under the guidance of the general manager, portfolio management (Mainland China) to ensure consistency. Each project is unique and requires dedicated and individual marketing to suit both the project and the relevant city.

Each city where we have a project has a public affairs manager based in the city to establish strong local communications and to ensure the Swire Properties brand is projected in a consistent manner.

SALES

The sales department is responsible for the sales and marketing of residential trading properties as well as the disposal of investment properties from time to time. For residential trading projects, the sales department is a key part of the development team, providing advice on architectural design concept and on design development, including the design of interior space, with a view to ensuring the marketability of the property in terms of unit size, mix and facilities.

BUSINESS

PROPERTY LEASING AND MANAGEMENT

Hong Kong

Swire Properties provides leasing and management services for a number of commercial and residential properties which are wholly owned and partly owned by Swire Properties for investment purposes, or which have been developed by Swire Properties and either all, or part of which, have subsequently been sold to owners.

For wholly-owned investment properties, the objectives are to provide high quality services appropriate to the high quality of the properties. This is intended to enable Swire Properties to maximise rental returns and to achieve long term capital appreciation, market leadership in investment portfolio management and to maintain its enviable brand position.

Group Estate Management. Our group estate management team is responsible for the management of residential properties which have been sold to individual unit owners. The objective is to provide professional property management services so as to maintain Swire Properties's reputation as a developer of superior properties.

Property Leasing. Responsibility for leasing of a development either directly, or through the appointment of agents, rests with the portfolio team, which is divided along geographical lines between "Hong Kong Central" (being Pacific Place, Festival Walk and Citygate) and "Island East" (being TaiKoo Place, Cityplaza and Island Place). The residential portfolio, which consists of serviced apartments in Pacific Place and prestige houses and apartments on the Peak and Island South, is leased and managed by a dedicated residential team.

Our principal customers are tenants of our commercial investment properties in Hong Kong. Lease terms for our principal investment properties generally range from three to five years for retail tenants and three to six years for office tenants. Rental rates under our retail leases generally increase at a fixed, pre-agreed amount each year. In addition, our leases with terms of more than three years will generally provide that the rents payable are reviewed and adjusted every three years or at other intervals in accordance with prevailing market levels. Lease terms for our residential leases generally range from one month to two years.

For 2007, 2008 and 2009, the turnover attributable to our five largest customers was less than 30% of our total turnover in each year.

None of the Directors or their associates nor Swire Pacific had any interest in our five largest customers during the Track Record Period.

Property Management. The leasing teams carry out property management. This approach to asset management distinguishes Swire Properties in the marketplace. Emphasis is placed on long-term value creation and relationships, but also on ensuring a balanced and quality tenant mix.

BUSINESS

The property management services provided by Swire Properties include the preparation of operating budgets, cost control and the provision of building maintenance and security services. Swire Properties employs independent contractors to provide cleaning and larger-scale building maintenance services. The property management team is responsible for arranging contracts and supervising the contractor's performance. Good tenant relations are integral to this process, as is ensuring customer satisfaction.

Asset Reinforcement. We believe that our developments should be seen in the context of their surroundings and the tangible benefits they bring to people within the catchment area. Accordingly we place great importance on the enhancement of neighbourhoods in the areas surrounding Pacific Place and Island East. We also upgrade and refurbish our properties so as to maintain and add value.

Corporate social responsibility. We recognise our responsibility to the community and for this purpose have a programme of Community Ambassador support providing care for the elderly and the socially disadvantaged. We also have an arts and cultural programme intended to inspire people to aspire to excellence.

PRC

We manage our investment properties either ourselves, as is the case at Sanlitun Village and TaiKoo Hui, or jointly with our joint venture partners as is expected to be the case at the INDIGO and Dazhongli projects.

Our property management in the PRC will follow the integrated leasing and management approach adopted in Hong Kong. We believe that combining the leasing and portfolio management functions assures our tenants of high quality services.

PROJECT FINANCING

We expect to have four main sources of funding for our property developments: internal funds, borrowings from banks, our existing borrowings facilities with Swire Finance and funds raised from the capital markets.

Since June 2003, commercial banks in the PRC have been prohibited under PBOC guidelines from granting loans to fund the payment of land premiums and restricted from financing the development of luxury residential properties. As a result, property developers may only use their own internal funds and not any borrowings from PRC banks to pay for land premiums.

Our payments of land premiums have been funded internally. We plan to use proceeds from the Global Offering and internal funds to finance our future payments of land premiums.

U.S. BUSINESS PRACTICES

Planning and Development. Before any project commitment is made, we conduct site inspections, research market prospects, develop financial modelling and carry out qualitative analysis of the product to determine cost feasibility and profit potential of the project. In the case of site acquisition, site assessment will include environmental testing, analysis of buildable square footage

BUSINESS

and massing, soil testing for constructability and valuation to determine pricing. In the majority of site acquisitions that we consider, the sites are privately held and negotiation of price will also determine allocation of such costs and benefits as taxes, title insurance and existing planning permissions.

Project Management. We direct the design and construction process, providing oversight of project construction including schedules, budgets, design submissions, change orders and the final product. Our staff directly approve all payments based on a contractually pre-agreed progress payment schedule, jointly authorised by the project architect. Contractually pre-agreed amounts for remedial work and contingencies are retained until required thresholds are met and occupancy permits are received.

Contracting. We engage third party construction contractors who are selected on the basis of competitive bids. The contractors must be arms length entities in which no staff member of our U.S. operations has any interest. While contracts are awarded primarily on the basis of cost and fees, staff also consider the experience of assigned personnel and the contractor overall, construction schedules, guarantees of completion and quality, insurance and warranties.

Marketing and Sales. We decide the market positioning of its development projects. In addition to public and governmental relations, we implement all project marketing activities, including advertising, events and e-commerce. Sales are handled by two subsidiary companies which manage, respectively, sales of our condominium projects and general residential real estate. Both subsidiaries are supervised by senior staff with a view to achieving price and profitability targets, high ethical standards and legal compliance in a regulated industry.

Property Management. We use third party property management. By charter, maintenance of the Brickell Key island is handled by the Brickell Key Master Association, funded by membership dues payable in respect of all buildings. For new residential developments, we retain an outside company to carry out accounting, building maintenance and staffing and administration of the individual condominium association. Because condominium management companies are highly regulated (including statutory limits on tenure) and generate low profit margins, we prefer third party management.

Financing. We employ three sources of funding for its on-going operations and property development: internal funds, bank borrowing and proceeds from sales and pre-sales.

U.K. BUSINESS PRACTICES

We conduct our U.K. hotel operations through Swire Properties Hotel Holdings Limited, a wholly-owned subsidiary of the Company.

Operational management decisions are made by the managing director of the Swire Hotels division, supported by the executive management group (comprising finance, operations, projects and marketing), and in close consultation with personnel in Hong Kong. Project management is led internally. Support is provided by external professional advisors (in particular architects and quantity surveyors). Construction contractors for our U.K. hotels are selected on the basis of competitive bids, using criteria similar to those used in our operations in Hong Kong.

All of our U.K. hotels are operated by the Group itself.

BUSINESS

Swire Hotels in the U.K. uses two main sources of funding for its operations and property development. It has a bank loan of approximately £5 million for which the Company is the guarantor. Other than this all funding is internal.

COMPETITION

Hong Kong

The property development and investment business in Hong Kong is highly competitive. The Group competes with other property developers in bidding for development sites at government auctions and in public and private tenders as well as in private sales of prospective development properties. Once it has developed a property, the Group competes with other property companies and owners for buyers or to attract and retain tenants. Despite the competitive environment, the Group has been able to achieve satisfactory sales and maintain high average occupancy rates for its investment properties. The Directors believe this is partly due to our brand name and the quality of our investment properties which we maintain by renovating and upgrading the facilities on a regular basis.

PRC

Our existing and potential competitors include major developers in the PRC and Hong Kong and, to a lesser extent, foreign developers from elsewhere in Asia. Some of our competitors target different segments of the PRC property market; some engage in other activities in addition to property development; and some are focused regionally or nationally.

INTELLECTUAL PROPERTY

We have registered or applied to register a number of trademarks in connection with our properties, facilities and development projects. We also have trademark license agreements with JSS, which grant us the right to use certain trademarks owned by JSS. These trademarks are brand names under which we market our properties and services. We consider these brand names to be important to our business since they have the effect of developing brand identification and awareness. We believe that the name recognition, reputation and image that we have developed is attractive to our tenants, customers and business partners. It is our intent to maintain our trademark registrations and our trademark agreements with JSS.

INSURANCE

All properties, completed and under development, owned by the Company are in general insured to standards in line with industry practice in the jurisdictions in which we operate. The principal insurances in place for completed properties are property all risks and business interruption insurances, which cover building reinstatement costs and the loss of up to 24 months' rental income; and commercial liability insurance. The principal insurances in place for our properties under development are construction all risks insurances. The Company places combined property all risks and business interruption insurance for its completed Hong Kong properties with Spaciom, which purchases appropriate commercial reinsurance. All insurances are competitively bid and insurance brokers are retained to identify requirements, create specifications and evaluate bids with a view to determining the most appropriate coverage and pricing.

BUSINESS

ENVIRONMENTAL MATTERS

Our commitment to sustainable development requires that we understand our impact on people and the environment and that we incorporate social, economic and environmental risks and benefits into our business decision-making and into the inception, design, construction, occupation and demolition phases of our development projects. We believe that all our properties comply in all material respects with applicable environmental laws and regulations, including those related to waste disposal, water pollution control, air pollution control and noise control.

The sustainable development department carries out studies for new development projects in order to identify opportunities to reduce their environmental impact and qualify for the relevant building rating review process. It also works with other business units to identify and reduce the projects' environmental and social impacts. It also facilitates the development of our sustainable development strategy, supports the implementation of sustainable development policies and guidelines and reports on performance.

The technical services department is responsible for the performance of our operating assets and compliance with environmental laws and regulations. It looks after our environment, health and safety databases, occupational health and safety strategies and action plans, risk management and recovery plans, and energy and waste reduction efforts for operating properties, all in accordance with appropriate environmental assessment criteria. The department runs free energy audits for tenants and education and awareness programmes on environmental matters for employees and tenants.

We affect the environment by emitting greenhouse gases when we use electricity, by generating waste when we build and operate our buildings (approximately 34,000 tonnes in 2009), by using water, by affecting air quality and by making noises. Environmental regulations to which we are subject include those relating to radiation, waste, water, noise and food safety and to the preparation of environmental impact assessments. We believe that we are and have been in substantial compliance with those regulations. With a view to ensuring such compliance, we have dedicated environmental and health and safety managers and reporting systems to senior management. We place particular emphasis on improving energy efficiency, for instance by using water instead of air cooled chillers and by improved window glazing, and on reducing water usage. It is our policy to review on a regular basis the environmental risks to which we may be subject. The costs of environmental compliance which we identify separately are those incurred in obtaining environmental licenses and registrations (approximately HK\$60,000 per annum during the Track Record Period) and those incurred in complying voluntarily with the requirements of the HK BEAM and LEED requirements (approximately HK\$1.4 million during the Track Record Period). Our other costs of environmental compliance are included (but not separately identified) in other cost categories, for example operating costs.

We are recognised as a leader on sustainable development issues in Hong Kong and have received international and local awards in recognition of our efforts, including:

- Client of the Year - Low Carbon Operation, from the Chartered Institution of Building Services Engineers (2010)
- Frost & Sullivan Green Excellence Award (2009)
- 2008 Hong Kong Awards for Environmental Excellence - Merit in Property Management

BUSINESS

- Corporate Energy Management - Central and Southern Asian Region Award, from the Association of Energy Engineers (2008)
- OSH Annual Report Award - Gold, from the 7th Hong Kong Occupational Safety and Health Awards (2008)

Most of our buildings have received ratings under the HK BEAM and LEED building rating schemes. In 2008, One Island East received a HK BEAM Platinum rating and Office Tower One at TaiKoo Hui development has recently been pre-certified as meeting LEED Gold Certification standards.

The technical services department supports public research in energy efficiency through collaboration with universities and international industry associations. It also provides information on our position on public policy issues related to building operations, such as the response to mandatory building energy efficiency codes, energy efficiency benchmarking schemes, and building energy and carbon disclosure guidelines. We have published 11 papers relating to environmental matters in professional journals. We actively participate in public forums and working groups to progress the property industry's awareness, knowledge and response to sustainable development issues. The Company is a patron member of the Hong Kong Green Building Council and a member of the Climate Change Business Forum.

HEALTH AND SAFETY

We are subject to the health and safety requirements of the jurisdictions in which we operate including, in Hong Kong, the Occupational Health and Safety Ordinance and the Factories and Industrial Undertakings Ordinance. We have policies and systems in place designed with a view to ensuring compliance with such requirements. We believe that we are and have been in substantial compliance with such requirements. During the Track Record Period no deaths or serious injuries occurred in our operations.

LEGAL COMPLIANCE

We are in compliance in all material respects with the relevant laws and regulations in Hong Kong, the PRC, the U.K. and the U.S.. To the best of the Directors' knowledge, we have obtained all approvals and permits that are material for the Group's operations in the PRC and elsewhere.

LEGAL PROCEEDINGS

We are involved in legal proceedings from time to time arising in the ordinary course of business. As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Group, that would have a material adverse effect on its business, results of operations or financial condition.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

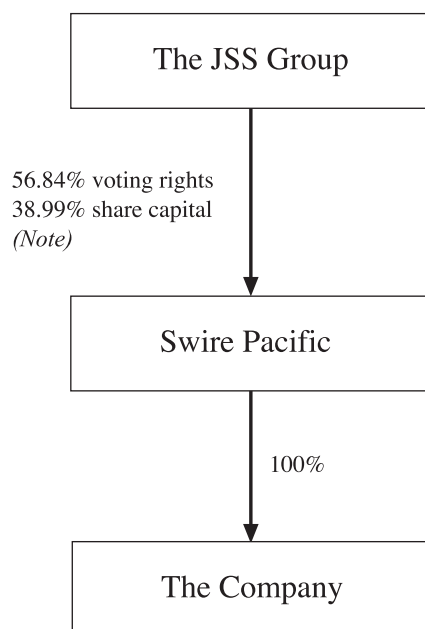
RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Shareholding relationship

As at the Latest Practicable Date, JSS owned (through its wholly-owned subsidiaries) approximately 38.99% the issued share capital and approximately 56.84% of the voting rights in Swire Pacific, which owned 100% of the issued share capital of the Company. The Company was therefore a subsidiary of both Swire Pacific and JSS. Immediately after the Swire Pacific Distribution and completion of the Global Offering, the Company will remain a subsidiary of both Swire Pacific and JSS and will be owned by Swire Pacific as to approximately 82.75% (assuming that the Over-allotment Option will be exercised in full) (or as to approximately 83.93% (assuming that the Over-allotment Option will not be exercised at all)) and by the JSS Group as to approximately 0.89% (assuming that the Over-allotment Option will not be exercised at all) in addition to its interests through Swire Pacific. If the Over-allotment Option is exercised in full, the JSS Group will not have any interest (whether direct or indirect through wholly-owned subsidiaries of JSS) in the Company immediately after the Swire Pacific Distribution and completion of the Global Offering (because the Shares which are distributed to the JSS Group pursuant to the Swire Pacific Distribution would have been sold by the JSS Group pursuant to the exercise of the Over-allotment Option in full). Swire Pacific and the JSS Group will therefore remain the controlling shareholders of the Company after the Listing.

The shareholding relationship between the Company, Swire Pacific and the JSS Group as at the Latest Practicable Date and that immediately after the Swire Pacific Distribution and completion of the Global Offering are summarised below:

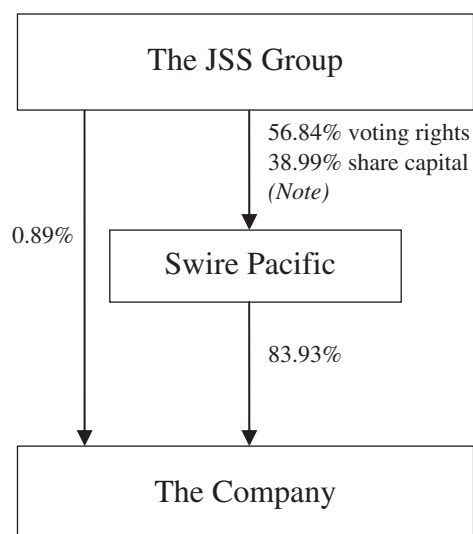
As at the Latest Practicable Date



Note: As at the Latest Practicable Date, the JSS Group held 179,108,158 'A' shares and 2,038,165,765 'B' shares in the share capital of Swire Pacific. Except for voting rights, which are equal, the entitlements of 'A' and 'B' shareholders of Swire Pacific are in the proportion of 5 to 1. Accordingly, as at the Latest Practicable Date the JSS Group was entitled to 56.84% of the voting rights at general meetings of Swire Pacific and held in aggregate 38.99% of the total issued share capital of Swire Pacific.

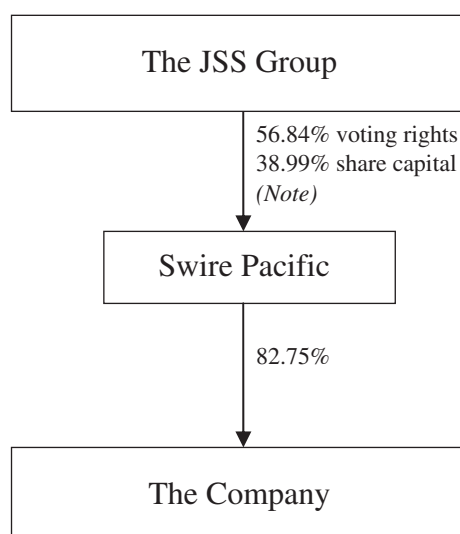
RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Immediately after the Swire Pacific Distribution and completion of the Global Offering (assuming that the Over-allotment Option is not exercised at all)



Note: The JSS Group's holdings in Swire Pacific as at the Latest Practicable Date are shown in the chart above.

Immediately after the Swire Pacific Distribution and completion of the Global Offering (assuming that the Over-allotment Option is exercised in full)



Note: The JSS Group's holdings in Swire Pacific as at the Latest Practicable Date are shown in the chart above.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Retained Properties

The Retained Group will retain the following properties after the Listing.

- (i) The Retained Group will retain an industrial property at sub-section 1 of section A of Tsing Yi Town Lot No. 48 and the extension thereto (Nos. 4-6 Tsing Tim Street) (“**TYTL 48**”). TYTL 48 is presently partly vacant because the subsidiary of Swire Pacific which operated a business there has ceased business and is being liquidated. Parts of the property are currently leased to other parties (including the Company). Swire Pacific has not transferred TYTL 48 to the Group because any transfer is subject to the consent of the Hong Kong Government, which has indicated that it will only consent to a transfer to a wholly-owned subsidiary of Swire Pacific. Swire Pacific, the Company and a wholly-owned subsidiary of the Company (Triple Sight International Limited (“**Triple Sight**”)) entered into a development agreement on 31st December 2009 in relation to TYTL 48, under which (in consideration of a lump sum payment by the Group to Swire Pacific of HK\$169 million) all the economic benefits and burdens of owning TYTL 48 (including those associated with any redevelopment) have been transferred to Triple Sight. TYTL 48 has been accounted for as an investment property in the consolidated balance sheet of the Group as at 31 December 2009. We understand that the Retained Group does not currently have any intention of transferring TYTL 48 to the Group in the future. An announcement will be published as soon as reasonably practicable after we become aware of any change in such intention. We do not currently have any intention to change the usage of TYTL 48. The valuation at 31st March 2010 of TYTL 48 appearing in Appendix IV “Property Valuation” to this prospectus is HK\$169.4 million.

- (ii) The Retained Group will retain a property at 53 Stubbs Road, The Peak, Hong Kong (“**53 Stubbs Road**”), a prime residential development located in the Eastern Mid-levels of Hong Kong, an exclusive residential area. Site formation and foundation works began in 2009 for a 12-storey residential building of 68,242 square feet. For further details of 53 Stubbs Road, see the section headed “Business - Property Development Business” in this prospectus. 53 Stubbs Road is being retained for reasons of taxation efficiency. The property was acquired by Swire Pacific in 1973 and was used for company housing until 2007. Additional land premium was paid in 2007 to allow for redevelopment and the building was demolished in 2008. Swire Pacific and 53 Stubbs Road Development Co. Limited (a wholly-owned subsidiary of the Company) (“**Stubbsco**”) entered into a development agreement on 14th April 2010 in relation to 53 Stubbs Road under which Swire Pacific agrees to pay the cost of the redevelopment and to pay to Stubbsco a fee for undertaking the redevelopment of the property for Swire Pacific. The fee is 25% of the greater of (a) the aggregate of (1) the land premium paid in respect of the redevelopment of 53 Stubbs Road, (2) the costs of redeveloping 53 Stubbs Road and (3) an amount equal to the valuation of 53 Stubbs Road at 30th June 2007 (such aggregate amount the “**Aggregate Cost**”) and (b) the amount by which the market value of 53 Stubbs Road (at the time when the occupation permit for 53 Stubbs Road as redeveloped is issued) exceeds the Aggregate Cost. 53 Stubbs Road is being redeveloped for residential purposes. The fee in respect of the redevelopment of 53 Stubbs Road will be accounted for over the life of the project. We understand that the Retained Group does not currently have any intention of transferring 53 Stubbs Road to the Group in the future. An announcement will be published as soon as reasonably practicable after we become aware of any change in such intention. On the basis of the valuation of 53 Stubbs Road which was carried out for the purpose of the annual accounts of Swire Pacific

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

for the year ended 31st December 2009, the property would not have represented a significant portion of the value of the Company's property portfolio as at 31st December 2009. On the basis of the above valuation, we do not consider 53 Stubbs Road to be a sufficiently material asset to affect the delineation of the Group's business from that of the Retained Group.

Inter-group Funding

As at 31st December 2009 the Group had loans from the Retained Group in the aggregate amount of approximately HK\$31.3 billion (the “**Inter-group Funding**”). The Inter-group Funding, when advanced to the Group, represents monies lent by the Retained Group to the Group from the proceeds of third party financings obtained by the Retained Group (the “**Swire Pacific Financings**”). As at 31st March 2010, there was also a loan facility of US\$85 million in respect of the Mandarin Oriental Hotel in Miami (the “**Mandarin Loan**”) which is guaranteed by Swire Pacific (the “**Mandarin Guarantee**”). The Mandarin Oriental Hotel was built as a joint venture between Swire Pacific and Mandarin Oriental International. Although Swire Pacific's indirect interest in that joint venture was transferred to the Company on 25th January 2010, the Mandarin Guarantee will remain in place after the Listing.

On 31st March 2010, Swire Properties Finance, the Company and Swire Finance entered into the Inter-group Loan Agreements to record the terms of the borrowings by the Group from Swire Finance. The Inter-group Loan Agreements, which consist of five agreements, substantially mirror the terms and maturity profile (currently ranging, disregarding the perpetual element of the Inter-group Funding, up to nine years) of the underlying borrowings of Swire Finance from third parties and the Inter-group Funding bears interest at the interest rates referred to in the section “Financial Information — Overview — Access to and Cost of Funding”. The underlying borrowings are in the form of (a) term loans; (b) revolving credit facilities; (c) bonds issued under Swire Pacific Group's US\$3 billion medium term note programme; and (d) perpetual capital securities. No security has been given by the Group in respect of the Inter-group Loan Agreements. The interest costs payable in respect of the indebtedness owed by us to Swire Finance during the Track Record Period are shown in the section “Financial Information — Factors Affecting Results of Operations — Access to and Cost of Funding” in this prospectus.

The amount outstanding under the Inter-group Loan Agreements will reduce in accordance with the relevant maturity dates of the underlying borrowings or (where permitted) upon prepayment by the Company. However, the Company may also make further borrowings under the revolving credit facilities under the relevant Inter-group Loan Agreement until one month prior to the final maturity of each underlying revolving credit facility — the last of which is 24th October 2012.

The borrowings under the Inter-group Loan Agreements are used for the general corporate funding requirements of the Group. Interest is charged to the Company in respect of each facility under the Inter-group Loan Agreements at an all-in cost on the underlying loans and bonds to reflect the rates of interest, margin and the Company's proportionate share of any fees and hedging costs/savings in respect of the relevant (direct or indirect) borrowings of Swire Finance from third parties. The representations and warranties, covenants, undertakings and events of default in the Inter-group Loan Agreements substantially mirror the equivalent terms in the underlying borrowings. The Inter-group Loan Agreements do not contain terms entitling Swire Finance to require repayment or cancellation under the relevant Inter-group Loan Agreement where an underlying borrowing or facility is repaid voluntarily or is required to be repaid by reason of a default.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

The Board is satisfied, on the basis of the following matters, that the Group is capable of carrying on its business independently of the Controlling Shareholders (including any associates of the Controlling Shareholders) after the Listing.

Independence of boards and management

The Company has a board and senior management that function independently from the Retained Group and from the JSS Group. Although there are common directors between the Company and Swire Pacific, there are only two common executive directors, namely the chairman and the chief executive of the Company. The executive chairman of the Company participates in the strategic planning and general management of the Group and not its daily operations. The chief executive of the Company is involved in the strategic planning and general management of Swire Pacific and not its daily operations. Four of the 14 Directors are independent non-executive Directors, who are independent of Swire Pacific as well as the JSS Group. The senior management of the Company comprises 14 persons, 12 of whom are independent of both Swire Pacific and the JSS Group. Three of the non-executive Directors, representing less than half of the non-executive board of the Company, are also directors of Swire Pacific and/or the JSS Group.

The following table shows the directorship and/or employment relationship (if any) which the Directors and senior management of the Company have with Swire Pacific and JSS immediately following the Listing.

<u>Name</u>	<u>The Company</u>	<u>Swire Pacific</u>	<u>JSS</u>
PRATT, Christopher Dale	Chairman and executive director	Chairman and executive director	Chairman* and employee*
CUBBON, Martin	Chief executive and executive director	Executive director	Director* and employee*
BREMRIDGE, John Charles Godfrey	Executive director	N/A	Employee*
BRADLEY, Guy Martin Coutts	Executive director	N/A	Employee*
HO, Cho Ying Davy	Executive director	N/A	N/A
ONGLEY, Gordon James	Executive director	N/A	N/A
CHENG, Hoi Chuen	Non-executive director	N/A	N/A
HUGHES-HALLETT, James Wyndham John	Non-executive director	Non-executive director	Chairman and employee
KILGOUR, Peter Alan	Non-executive director	Executive director	Director* and employee*

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Name	The Company	Swire Pacific	JSS
SWIRE, Merlin Bingham	Non-executive director	Non-executive director	Director and employee
BRADLEY, Stephen Edward	Independent non-executive director	N/A	N/A
CHAN, Cho Chak John	Independent non-executive director	N/A	N/A
ETCHELLS, Paul Kenneth	Independent non-executive director	N/A	N/A
LIU, Sing Cheong	Independent non-executive director	N/A	N/A
PURVIS, Dominic Alexander Chartres	General manager of marketing and communications	N/A	Employee*
ZHANG, Zhuo Ping	Commercial director, Mainland China	N/A	Employee*
All other members of the senior management of the Company	Senior management	N/A	N/A

Note:

* of a subsidiary of JSS.

Under the Articles, a Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall, if his interest in the contract or arrangement or proposed contract or arrangement is material, declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration if he knows his interest then exists, or in any other case, at the first meeting of the Board after he knows that he is or has become so interested. The Articles do not require a Director who is so interested not to attend any meeting of the Board. However, the Articles do provide that a Director shall not vote (or be counted in the quorum) in respect of any board resolution approving any contract or arrangement or proposed contract or arrangement in which he or any of his associates is materially interested, except in certain prescribed circumstances, details of which are set out in Appendix VIII “Summary of the Constitution of the Company” to this prospectus.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Whether a Director is conflicted or non-conflicted on any matter depends on the particular circumstances of the matter under consideration. The fact that a Director also holds directorships in other companies does not create a conflict for that Director unless the matter under consideration involves his personal interests or those of the other companies as well as the Group. In all other circumstances, a Director is able to act without being conflicted.

The provisions in the Articles ensure that matters involving a conflict of interest which may arise from time to time will be managed in line with accepted corporate governance practice with a view to ensuring that decisions are taken having regard to the best interests of the Company and the Shareholders (including the minority Shareholders, that is the Shareholders other than Swire Pacific) taken as a whole.

From time to time the Company may enter into connected transactions with members of the Retained Group or the JSS Group. It is considered that the seven Directors who are independent of the Retained Group and the JSS Group (that is all of the independent non-executive Directors, Mr. Davy Ho, Mr. Gordon Ongley and Mr. Cheng Hoi Chuen) will form the necessary quorum to consider entry into such connected transactions (or other transactions the approval of which the Directors who are not independent of the Retained Group or the JSS Group are required by the Articles to abstain from voting on) and collectively have the necessary expertise and experience to ensure that decisions by the Board to enter into such transactions will be properly taken having regard to the best interests of the Company and the Shareholders (including the minority Shareholders, that is the Shareholders other than Swire Pacific) taken as a whole, and accordingly that the functions of the Board, as they relate to such connected or other transactions, will be properly carried out. In this connection, attention is specifically drawn to the experience in the property industry of Mr. S.C. Liu and Mr. Gordon Ongley. See the section headed “Directors, Senior Management and Employees — Directors” in this prospectus.

Clear delineation of business

The business of the Company comprises property investment, property trading and investment in and operation of hotels. The Retained Group will continue to operate its beverages, marine services and trading and industrial businesses, as well as owning its interests in its associated companies which operate the aviation businesses.

Financial independence

The Inter-group Funding and the Mandarin Guarantee in respect of the Mandarin Loan that will remain in place after the Listing are described above in the section headed “Relationship with the Controlling Shareholders — Relationship with the Controlling Shareholders — Inter-group Funding”. If all such funding had to be repaid (along with the corresponding Swire Pacific Financings), financed by the issue of an equivalent amount of new debt, this would be very costly, complex and unduly onerous for the Group. Upon maturity of such funding, the Company intends to obtain new funding (as necessary) without recourse to Swire Pacific and believes it will be able to do so based on its record of fund-raising on a standalone basis and its strong financial position.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Independence of administrative capability

Certain administrative and similar services of members of the staff of the JSS Group are, and have for many years been, provided to the Group pursuant to the Services Agreement. Such services will continue to be provided to the Group following the Listing. Such services include housing, training, public relations and recreational services. The services of the company secretary of the Company are provided pursuant to the Services Agreement. Swire Pacific provides central treasury services to its subsidiaries. Such services will continue to be provided by Swire Pacific to the Company (free of charge) for a transitional period following the Listing. The transitional period is not expected to exceed 12 months. Treasury services provided include all normal head office treasury functions, including the management of deposits, loans and foreign exchange transactions. The services will constitute continuing connected transactions for the Company but will be exempt from the disclosure and shareholder approval requirements of the Listing Rules because no charge will be made for them. The Directors do not consider these arrangements to affect the independence of the management of the business of the Company given that such arrangements involve the provision of support functions only.

SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, JSS owned (through its wholly-owned subsidiaries) approximately 38.99% of the issued share capital and approximately 56.84% of the voting rights in Swire Pacific, which owned 100% of the issued share capital of the Company. Swire Pacific and JSS are therefore substantial shareholders of the Company.

The shareholdings of Swire Pacific and JSS in the Company (i) immediately prior to the Global Offering, (ii) immediately after the Global Offering and the Swire Pacific Distribution (assuming no exercise of the Over-allotment Option) and (iii) immediately after the Global Offering and the Swire Pacific Distribution (assuming the exercise of the Over-allotment Option in full) are as follows:

Name of Shareholder	Nature of Interest and Capacity	Immediately prior to the Global Offering		Immediately after the Global Offering and the Swire Pacific Distribution (assuming no exercise of the Over-Allotment Option)		Immediately after the Global Offering and the Swire Pacific Distribution (assuming the exercise in full of the Over-Allotment Option)	
		Number of Shares	Approximate percentage of interest	Number of Shares	Approximate percentage of interest	Number of Shares	Approximate percentage of interest
JSS	Interest in a controlled corporation	5,690,000,000 (L)	100.0%	5,598,211,880 (L)	84.82%	5,461,711,880 (L)	82.75%
Swire Pacific....	Beneficial owner	5,690,000,000 (L)	100.0%	5,539,537,750 (L)	83.93%	5,461,711,880 (L)	82.75%

Note:

(L) denotes a long position in the Shares.

CONNECTED TRANSACTIONS

CONNECTED PERSONS OF THE COMPANY

Since both Swire Pacific and JSS are controlling shareholders of the Company, both of them and their respective associates (such as Cathay Pacific Airways Limited, in which Swire Pacific is directly interested so as to exercise 30% or more of the voting power at general meetings) are connected persons of the Company.

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING AND ANNOUNCEMENT REQUIREMENTS OF THE LISTING RULES

The following transactions will be continuing connected transactions of the Company subject to reporting and announcement requirements under Chapter 14A of the Listing Rules.

The following table summarises the non-exempt continuing connected transactions between the Group and connected persons of the Company after the Listing. The Company has received a waiver from the Stock Exchange pursuant to Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement requirements under Chapter 14A of the Listing Rules in respect of these transactions.

Transaction	Historical figures (HK\$ in millions)			Annual cap (HK\$ in millions)					
	Financial year ended 31st December			Financial year ended 31st December					
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Services Agreement	93	119	133	186	N/A	N/A	N/A	N/A	N/A
Swire Pacific Tenancy Framework Agreement	43.9	50.8	53.5	88.3	93.0	94.9	99.7	104.6	109.9
JSS Tenancy Framework Agreement	38.1	52.0	52.2	86.4	96.9	99.7	104.7	109.9	115.4
Insurance arrangement with Spaciom	5.8	7.0	9.2	15.5 ⁽¹⁾	N/A	N/A	N/A	N/A	N/A

Note:

(1) This figure is based on the assumption that only property all risks and business interruption insurance is placed with Spaciom.

Services Agreement

Particulars

Pursuant to the Services Agreement entered into between the Company and JSSHK, a wholly-owned subsidiary of JSS, on 1st December 2004, renewed on 1st October 2007 and amended and restated with effect from 1st January 2010, members of the JSS Group provide certain services

CONNECTED TRANSACTIONS

to members of the Group. The arrangements under the Services Agreement and similar arrangements between members of the Retained Group and JSSHK were disclosed in the announcements of Swire Pacific dated 1st December 2004 and 1st October 2007.

The services under the Services Agreement comprise advice and expertise of the directors and senior officers of the JSS Group including (but not limited to) assistance in negotiating with regulatory and other governmental or official bodies, full or part time services of members of the staff of the JSS Group, other administrative and similar services and such other services as may be agreed from time to time. In return for those services, JSSHK receives annual services fees. The Company also reimburses the JSS Group for all the expenses incurred in the provision of the services at cost.

The annual services fees are calculated as 2.5% of the Company's consolidated profit before taxation and minority interests, adjusted by (a) adding back the annual services fees, (b) excluding any gain or loss on the realisation, change in fair value or other revaluation of fixed assets, (c)(i) disregarding any impairment provision in respect of goodwill and (ii) calculating the overall gain or loss on the subsequent realisation of any related investment by reference to its cost and (d) subtracting any profits and losses from jointly controlled and associated companies, but adding back the dividends receivable from these companies. Any dividend or profit in respect of which a service fee is payable under any other profit related services agreement with the JSS Group are excluded to avoid duplication of payment.

The Services Agreement was renewed on 1st October 2007 for a term of three years from 1st January 2008 and will terminate on 31st December 2010, but shall be renewed for successive periods of three years thereafter unless either party gives the other notice of termination of not less than three months expiring on any 31st December.

A party to the Services Agreement may terminate it with immediate effect by notice to the other party in the event of default by that other party. In the event of termination of the Services Agreement, all the rights and obligations of the parties shall forthwith cease, but any rights, liabilities or remedies arising prior to such termination shall not be affected.

The annual services fees for each year are payable in cash from the Group's internal resources in arrears in two instalments, with an interim payment by the end of October and a final payment by the end of April of the following year, adjusted to take account of the interim payment.

The annual cap

For each of the three years ended 31st December 2007, 2008 and 2009, the annual services fees paid by the Company to JSSHK and the reimbursement of expenses incurred by the JSS Group in the provision of the services (excluding the reimbursement of costs in respect of shared administrative services, which is not subject to Chapter 14A pursuant to Rule 14A.31(8) of the Listing Rules) amounted to approximately HK\$93 million, HK\$119 million and HK\$133 million, respectively.

The annual cap for the Services Agreement has been determined by reference to the aggregate of the annual services fees paid by the Company and the reimbursement of expenses incurred by the JSS Group in the provision of the services (excluding the reimbursement of costs in respect of shared administrative services) in each of the past three years, by reference to which a cushion of 30% is added to provide flexibility for possible changes in the level of profit by reference to which the annual services fees are charged and possible changes in the level of reimbursed costs.

CONNECTED TRANSACTIONS

The annual cap for 2010 set out below has been determined by taking into account the projection of the growth of the Group's business operations and projected increase in staff being seconded from JSSHK to the Group for managing the expanded business operations. Reimbursement of costs by the Group to JSSHK mainly covers the employment costs of the directors and senior officers of the JSS Group who are seconded to the Group under the Services Agreement.

Based on the above, the Company estimates that the annual services fees for the year ending 31st December 2010 will not exceed the annual cap of HK\$186 million.

Reasons for, and benefits of, the Services Agreement

There have since 1949 been agreements between members of the Retained Group and members of the JSS Group for the provision of management support services. For 60 years, Swire Pacific and its subsidiaries, including the Company since its incorporation in 1972, have considerably benefited from the management expertise and other services provided by the JSS Group and the use of the Swire brands which use may not be terminated so long as the relevant Swire Pacific Services Agreements are in force. Please refer to the sub-section headed "Trademark Agreements" below. On this basis, the Directors consider that the Services Agreement is fair and reasonable and in the interests of the shareholders of the Company as a whole.

Similar services agreements are, and have for many years been, in place between the JSS Group and each of the two listed associated companies of Swire Pacific (Cathay Pacific Airways Limited and Hong Kong Aircraft Engineering Company Limited). Their terms are substantially the same as those of the Swire Pacific Services Agreements. The Directors consider that the Services Agreement is on normal commercial terms.

Listing Rules requirements

As the highest relevant percentage ratio in respect of the Services Agreement will on an annual basis be more than 0.1% but less than 2.5% and it is on normal commercial terms, it will be exempt pursuant to Rule 14A.34 of the Listing Rules from the independent shareholders' approval requirement but will be subject to the reporting and announcement requirements in Chapter 14A of the Listing Rules.

Swire Pacific Tenancy Framework Agreement

Particulars

Members of the Group from time to time enter into tenancy agreements with members of the Retained Group under which the respective members of the Retained Group lease properties from members of the Group. The Company entered into the Swire Pacific Tenancy Framework Agreement on 14th April 2010 to govern all existing tenancies and all future tenancies which may from time to time be entered into between members of the Group and members of the Retained Group.

The Swire Pacific Tenancy Framework Agreement is for a term of six years with effect from 1st January 2010 and will terminate on 31st December 2015. The Company considers that it is normal business practice in Hong Kong and the PRC for commercial tenancy agreements to be for a period of up to six years, and consider that it is necessary for the Company to be able to offer tenancy agreements of up to six years in order to compete on equal terms with its competitors in the leasing

CONNECTED TRANSACTIONS

market. DTZ, the independent property valuer, has also confirmed that it is normal business practice in Hong Kong and the PRC for commercial tenancy agreements such as the tenancy agreements under the Swire Pacific Tenancy Framework Agreement to be for a period of up to six years.

Pursuant to the Swire Pacific Tenancy Framework Agreement, members of the Group will enter into tenancy agreements with members of the Retained Group from time to time on normal commercial terms based on the then prevailing market rates. DTZ has reviewed the terms of the existing tenancy agreements under the tenancies pursuant to the Swire Pacific Tenancy Framework Agreement and confirmed that the rental payable under these tenancy agreements was determined with reference to the prevailing market rates and are on normal commercial terms.

The annual caps

For each of the three years ended 31st December 2007, 2008 and 2009, the aggregate rental paid by the members of the Retained Group to members of the Group amounted to approximately HK\$43.9 million, HK\$50.8 million and HK\$53.5 million, respectively.

The annual caps for the Swire Pacific Tenancy Framework Agreement have been determined by reference to the terms of the Swire Pacific Tenancy Framework Agreement and the aggregate rental paid to the Group in the past three years, by reference to which a cushion of 50% is added to provide flexibility for possible increase in (a) the number of tenancies between the Group and the Retained Group, (b) the amount of the base rent in accordance with changes in prevailing market rates and (c) the amount of the turnover rent (resulting from any growth in retail tenants' turnover). The Directors estimate that the aggregate rental payable to the Group under the Swire Pacific Tenancy Framework Agreement for the six years ending 31st December 2010, 2011, 2012, 2013, 2014 and 2015 will not exceed the annual caps of HK\$88.3 million, HK\$93.0 million, HK\$94.9 million, HK\$99.7 million, HK\$104.6 million and HK\$109.9 million, respectively.

Listing Rules requirements

As the highest relevant percentage ratio in respect of the Swire Pacific Tenancy Framework Agreement will on an annual basis be more than 0.1% but less than 2.5% and it is on normal commercial terms, it (together with any tenancies pursuant to it) will be exempt pursuant to Rule 14A.34 of the Listing Rules from the independent shareholders' approval requirement but will be subject to the reporting and announcement requirements in Chapter 14A of the Listing Rules.

JSS Tenancy Framework Agreement

Particulars

Members of the Group from time to time enter into tenancy agreements with members of the JSS Group under which the respective members of the JSS Group lease properties from members of the Group. The Company entered into the JSS Tenancy Framework Agreement on 14th April 2010 to govern all existing tenancies and all future tenancies which may from time to time be entered into between members of the Group and members of the JSS Group.

The JSS Tenancy Framework Agreement is for a term of six years with effect from 1st January 2010 and will terminate on 31st December 2015. The Company considers that it is normal business practice for commercial tenancy agreements to be for a period of up to six years, and considers that

CONNECTED TRANSACTIONS

it is necessary for the Company to be able to offer tenancy agreements of up to six years in order to compete on equal terms with its competitors in the leasing market. DTZ, the independent property valuer, has also confirmed that it is normal business practice in Hong Kong and the PRC for commercial tenancy agreements such as the tenancy agreements under the JSS Tenancy Framework Agreement to be for a period of up to six years.

Pursuant to the JSS Tenancy Framework Agreement, members of the Group will enter into tenancy agreements with members of the JSS Group from time to time on normal commercial terms based on the then prevailing market rates. DTZ has reviewed the terms of the existing tenancy agreements under the JSS Tenancy Framework Agreement and confirmed that the rental payable under these tenancy agreements were determined with reference to the prevailing market rates and are on normal commercial terms.

The annual caps

For each of the three years ended 31st December 2007, 2008 and 2009, the aggregate rental paid by the members of the JSS Group to members of the Group amounted to approximately HK\$38.1 million, HK\$52.0 million and HK\$52.2 million, respectively.

The annual caps for the JSS Tenancy Framework Agreement have been determined by reference to the terms of the JSS Tenancy Framework Agreement and the aggregate rental paid to the Group in the past three years, by reference to which a cushion of 50% is added to provide flexibility for possible increase (a) in the number of tenancies between the Group and the JSS Group and, (b) amount of the base rent in accordance with changes in prevailing market rates and (c) the amount of the turnover rent (resulting from any growth in retail tenants' turnover). The Directors estimate that the aggregate rental payable to the Group under the tenancies pursuant to the JSS Tenancy Framework Agreement for the six years ending 31st December 2010, 2011, 2012, 2013, 2014 and 2015 will not exceed the annual caps of HK\$86.4 million, HK\$96.9 million, HK\$99.7 million, HK\$104.7 million, HK\$109.9 million and HK\$115.4 million, respectively.

Listing Rules requirements

As the highest relevant percentage ratio in respect of the JSS Tenancy Framework Agreement will on an annual basis be more than 0.1% but less than 2.5% and it is on normal commercial terms, it (together with any tenancies pursuant to it) will be exempt pursuant to Rule 14A.34 of the Listing Rules from the independent shareholders' approval requirement but will be subject to the reporting and announcement requirements in Chapter 14A of the Listing Rules.

Insurance arrangement with Spaciom

Particulars

The Company places combined property all risks and business interruption insurance for its completed Hong Kong properties with Spaciom (the "**Spaciom Insurance**"). Spaciom is a captive insurance company which is wholly owned by Swire Pacific.

The Spaciom Insurance is for a period of one year from 1st April 2010 to 31st March 2011. The premium paid by the Company is in line with current market premium rates charged for corporates.

CONNECTED TRANSACTIONS

The annual cap

For each of the three years ended 31st December 2007, 2008 and 2009, the insurance premium paid by the Company to Spaciom under the Spaciom Insurance amounted to approximately HK\$5.8 million, HK\$7.0 million and HK\$9.2 million, respectively.

The annual cap for the Spaciom Insurance has been determined by reference to the terms of the insurance policy for the Spaciom Insurance and the insurance premium paid by the Company in the past three years, by reference to which a cushion of 50% is added to provide flexibility for possible increase in the insurance premium payable in accordance with any changes in prevailing market rates. The Directors estimate that the insurance premium payable by the Company under the Spaciom Insurance for the year ending 31st December 2010 will not exceed the annual cap of HK\$15.5 million.

Reasons for, and benefits of, the Spaciom Insurance

The placing of insurance through captive insurance companies is recognised by the insurance market as a “Best Practice” insurance procurement strategy and is commonly used by multinational corporations or corporates with high asset values. Companies taking this approach do so with the goal of managing risk more efficiently and achieving more competitive insurance programmes. The Directors consider that, by placing insurance through Spaciom, the Company will better identify, control, and manage the risks to which it is exposed and will also reduce the volatility of its insurance costs. In addition, it is considered that the pricing and other terms on which the Company can obtain reinsurance coverage are better if they are obtained through Spaciom (a captive insurance company which is placing reinsurance for the whole Swire Pacific group) than if they were obtained through a captive insurance company wholly owned by the Company (which would only be placing reinsurance for the Group).

Listing Rules requirements

As the highest relevant percentage ratio in respect of the Spaciom Insurance will on an annual basis be more than 0.1% but less than 2.5% and it is on normal commercial terms, it will be exempt pursuant to Rule 14A.34 of the Listing Rules from the independent shareholders’ approval requirement but will be subject to the reporting and announcement requirements in Chapter 14A of the Listing Rules.

Confirmation of the Directors and the Joint Sponsors

The Directors are of the view that the continuing connected transactions referred to above have been or will be entered into in the ordinary and usual course of business of the Company and are on normal commercial terms (or better to the Company), fair and reasonable and in the interests of the shareholders of the Company as a whole and that the proposed annual caps for the transactions are fair and reasonable and in the interests of the Shareholders as a whole.

Based on the documents, information and historical figures provided by the Company and the Joint Sponsors’ participation in due diligence and discussions with the Company and its advisers, the Joint Sponsors confirm that they are of the view that the continuing connected transactions referred to above are in the ordinary and usual course of business of the Company and are on normal commercial terms (or better to the Company), fair and reasonable and in the interests of the Shareholders as a whole and that the proposed annual caps for the transactions are fair and reasonable

CONNECTED TRANSACTIONS

and in the interests of the Shareholders as a whole. The Joint Sponsors also confirm that, in relation to the Swire Pacific Tenancy Framework Agreement, the JSS Tenancy Framework Agreement and their respective underlying tenancies, it is normal business practice in Hong Kong and the PRC for commercial tenancy agreements of such type to be for a period of up to six years and that it is necessary for the Company to be able to offer tenancy agreements of up to six years in order to compete on equal terms with its competitors in the leasing market.

Waiver from the Stock Exchange

The Company has applied to the Stock Exchange for, and has been granted, a waiver under Rule 14A.42(3) from compliance with the requirements in Rule 14A.47 of the Listing Rules in respect of each of the transactions above. Notwithstanding the above waiver, the Company will comply with Rules 14A.35(1) (except in relation to the length of the terms of the Swire Pacific Tenancy Framework, the JSS Tenancy Framework Agreement and their respective underlying tenancies to which a period of up to six years applies instead), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules in respect of the transactions.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

After the Listing, the following transactions will constitute continuing connected transactions of the Company which are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Inter-group Funding and the Mandarin Guarantee

There are a number of financing arrangements between the Group and certain members of the Retained Group, including the Inter-group Funding and the Mandarin Guarantee, which will remain in place after the listing. Details of the financing arrangements between the Group and the Retained Group are contained in the section headed "Relationship with the Controlling Shareholders — Relationship with the Controlling Shareholders — Inter-group Funding" in this prospectus.

The Inter-group Funding and the Mandarin Guarantee will constitute financial assistance provided by connected persons, namely members of the Retained Group, for the benefit of members of the Group. As the commercial terms of the Inter-group Loan Agreements substantially mirror those of the underlying financing arrangements between the relevant members of the Retained Group and independent third parties, they are on normal commercial terms. The Mandarin Guarantee is provided by Swire Pacific to members of the Group for no consideration and is therefore on better than normal commercial terms (for the Company). Since no security over the assets of the Group is or will be given to the Retained Group as security for the Inter-group Funding or the Mandarin Guarantee, the Inter-group Funding and the Mandarin Guarantee will be exempt pursuant to Rule 14A.65(4) of the Listing Rules from the reporting, announcement and independent shareholders' approval requirements and accordingly are not subject to the requirements in Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

The Entrusted Loans

Subsidiaries of the Company have entered into the following entrusted loans (the “**Entrusted Loans**”) with connected persons of the Company:

- (a) a RMB40 million entrusted loan dated 15th September 2008 between Beijing Sanlitun South Property Management Company Limited (a subsidiary of the Company) as borrower, a third party bank as lender, and Akzo Nobel Swire Paints (Guangzhou) Limited as the entrusting party to be repaid on 25th November 2010 in accordance with the roll-over notice given by the entrusting party and the borrower to the lender on 25th November 2009;
- (b) a RMB60 million entrusted loan dated 15th September 2008 between Beijing Sanlitun South Property Management Company Limited (a subsidiary of the Company) as borrower, a third party bank as lender, and Akzo Nobel Swire Paints (Shanghai) Limited as the entrusting party to be repaid on 3rd December 2010 in accordance with the roll-over notice given by the entrusting party and the borrower to the lender on 3rd December 2009; and
- (c) a RMB50 million entrusted loan dated 19th March 2010 between Beijing Sanlitun North Property Management Company Limited (a subsidiary of the Company) as borrower, a third party bank as lender, and Akzo Nobel Swire Paints (Shanghai) Limited as the entrusting party to be repaid on the first anniversary of the date of the advance of the loan.

Under the terms of each Entrusted Loan, the borrower may not cancel or prepay the facility without the written consent of the entrusting party, and the entrusting party does not have the right to cancel the facility.

Akzo Nobel Swire Paints (Shanghai) Limited and Akzo Nobel Swire Paints (Guangzhou) Limited (together, the “**Akzo Nobel Entities**”) are associates of Swire Pacific and therefore will become connected persons of the Company immediately after the completion of the Global Offering. The Entrusted Loans will therefore constitute financial assistance provided by connected persons for the benefit of members of the Group. As the Entrusted Loans are on normal commercial terms (or better to the Company), and no security over the assets of the Group is or will be given to the Akzo Nobel Entities as security for the Entrusted Loans, they will be exempt pursuant to Rule 14A.65(4) of the Listing Rules from the reporting, announcement and independent shareholders’ approval requirements and accordingly are not subject to the requirements under Chapter 14A of the Listing Rules.

Shareholder Loans

Pursuant to two heads of agreement between the Company and Henderson Land Development Company Limited (“**Henderson**”) in respect of Henderson’s investment as a minority shareholder in two subsidiaries of the Company, Henderson will advance shareholder loans (the “**Shareholder Loans**”) in proportion to its shareholdings from time to time to the subsidiaries to fund the development cost of the subsidiaries. Henderson will become a connected person of the Company immediately after the completion of the Global Offering because it is a substantial shareholder of subsidiaries of the Company. The Shareholder Loans will therefore constitute financial assistance provided by a connected person for the benefit of members of the Group. As the Shareholder Loans are on normal commercial terms (or better to the Company), and no security is given by the Group in

CONNECTED TRANSACTIONS

respect of the provision of the Shareholder Loans, they will be exempt pursuant to Rule 14A.65(4) of the Listing Rules from the reporting, announcement and independent shareholders' approval requirements and accordingly are not subject to the requirements in Chapter 14A of the Listing Rules.

Other de minimis continuing connected transactions

We have also entered into other continuing connected transactions with members of the Retained Group, members of the JSS Group, associates of Swire Pacific and associates of JSS, the highest relevant percentage of each of which is below 0.1%. Since they are on normal commercial terms, they will be exempt pursuant to Rule 14A.33(3) of the Listing Rules from the reporting, announcement and independent shareholders' approval requirements in Chapter 14A of the Listing Rules. Examples of those are set out below.

Trademark Agreements

Pursuant to the Trademark Agreements, JSS grants the respective members of the Group a non-exclusive right to use the Swire trademarks and certain other trademarks for a nominal consideration (amounting to HK\$1 per agreement). The parties to the Services Agreement have agreed under the Services Agreement that the Trademark Agreements will not be terminated except for cause (or if the relevant licensee under any Trademark Agreement ceases to be a member of the Swire group) for as long as the Services Agreement is in force. Further details of the trademarks are set out in the section headed "Further Information About the Company's Business — Intellectual Property Rights of the Group" in Appendix IX "Statutory and General Information" to this prospectus.

Tenancy agreements with certain associates of Swire Pacific or JSS

Certain members of the Group have entered into tenancy agreements with certain associates of Swire Pacific and certain associates of JSS (together, the "**Other Tenancy Agreements**"). The independent valuer, DTZ, has reviewed the terms of each Other Tenancy Agreement, and confirmed that the rental payable under each Other Tenancy Agreement was determined with reference to the prevailing market rates and is on normal commercial terms.

Property management agreement with JSSHK

Pursuant to its property management agreement dated 24th December 2009 (the "**Property Management Agreement**") with JSSHK, Swire Properties Management Limited, a wholly-owned subsidiary of the Company, provides property management services to JSSHK in respect of properties owned or leased by JSSHK. In return for the services, Swire Properties Management Limited will receive a management fee. The terms of the Property Management Agreement are on normal commercial terms.

Hotel management agreement with Airline Hotel Limited

Pursuant to its hotel management agreement dated 31st December 2009 (the "**Hotel Management Agreement**") with Airline Hotel Limited (a wholly-owned subsidiary of Cathay Pacific Airways Limited), Swire Properties Hotel Management Limited, a wholly-owned subsidiary of the

CONNECTED TRANSACTIONS

Company, provides hotel management services to Airline Hotel Limited in respect of a hotel owned by Airline Hotel Limited. In return for the management services, Swire Properties Hotel Management Limited will receive an annual management fee. The terms of the Hotel Management Agreement are on normal commercial terms.

Administration agreement in respect of retirement benefits of the Group

The Company entered into an administration agreement dated 1st February 2006 with Cannon Trustees Limited (“**Cannon Trustees**”), a wholly-owned subsidiary of JSS, for the provision of management and administration services in respect of the Company’s retirement benefits scheme (the “**Administration Agreement**”). In return for the services, Cannon Trustees receives an administration fee from the Company. The terms of the Administration Agreement are on normal commercial terms.

U.K. office tenancy agreement

An indirect wholly-owned subsidiary of the Company entered into a tenancy agreement with JSS under which the wholly-owned subsidiary of the Company leases certain office premises from JSS (the “**U.K. Office Tenancy Agreement**”). The terms of the U.K. Office Tenancy Agreement are on normal commercial terms.

Acquisition of travel services from Swire Travel Limited

The Group acquires travel services from time to time from Swire Travel Ltd., a wholly-owned subsidiary of JSS. The travel services are consumer services acquired by the Group on normal commercial terms for its own use.

Acquisition of beverages from Swire Coca-Cola HK Limited

The Group purchases beverages from time to time from Swire Coca-Cola HK Limited, a subsidiary of Swire Pacific. The beverage purchases are consumer goods acquired by the Group on normal commercial terms for its own consumption.

Rebates received by the Group from Cathay Pacific and Dragonair

The Group receives rebates from an associate of Swire Pacific, Cathay Pacific Airways Limited (and its wholly-owned subsidiary Hong Kong Dragon Airlines Limited), in respect of the Group’s purchase of air tickets. The payment of rebates in connection with the purchases of air tickets reflects a normal practice in the aviation business and is on normal commercial terms.

Treasury services from Swire Pacific

The Group receives treasury services from Swire Pacific and will continue to receive such services for a transitional period after the Listing. The transitional period is not expected to exceed 12 months. The treasury services include all normal head office treasury functions, including the management of deposits, loans and foreign exchange transactions. The treasury services are provided to the Group free of charge.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

The Board of Directors consists of 14 Directors, four of whom are independent non-executive Directors. The table below shows certain information concerning the Directors:

Name	Age	Position
PRATT, Christopher Dale	53	Chairman
CUBBON, Martin	52	Chief Executive
BREMRIDGE, John Charles Godfrey	53	Finance Director
BRADLEY, Guy Martin Coutts	44	Executive Director
HO, Cho Ying Davy	63	Executive Director
ONGLEY, Gordon James	56	Executive Director
CHENG, Hoi Chuen	61	Non-Executive Director
HUGHES-HALLETT, James Wyndham John	60	Non-Executive Director
KILGOUR, Peter Alan	54	Non-Executive Director
SWIRE, Merlin Bingham	36	Non-Executive Director
BRADLEY, Stephen Edward	52	Independent Non-Executive Director
CHAN, Cho Chak John	67	Independent Non-Executive Director
ETCHELLS, Paul Kenneth	59	Independent Non-Executive Director
LIU, Sing Cheong	54	Independent Non-Executive Director

Chairman

PRATT, Christopher Dale, CBE, aged 53, has been a Director of the Company since 1st February 2003 and Chairman of the Company since 1st June 2009. He is also Chairman of Swire Pacific Limited, Cathay Pacific Airways Limited, Hong Kong Aircraft Engineering Company Limited, John Swire & Sons (H.K.) Limited and Swire Beverages Limited, and a Director of Air China Limited and The Hongkong and Shanghai Banking Corporation Limited. He joined the Swire group in 1978 and has worked with the group in Hong Kong, Australia and Papua New Guinea. Mr. Pratt graduated from the University of Oxford in 1978 with a Bachelor of Arts degree in Modern History.

Executive Directors

CUBBON, Martin, aged 52, has been a Director of the Company since 1st March 2000 and Chief Executive of the Company since 1st June 2009. He is also a Director of John Swire & Sons (H.K.) Limited and Swire Pacific Limited, with responsibility for group finance from September 1998 to March 2009. He was a Director of Cathay Pacific Airways Limited from September 1998 to May 2009, a Director of Hong Kong Aircraft Engineering Company Limited from August 2006 to May 2009, and Chairman of Swire Beverages Limited from July 2007 to June 2009. Mr. Cubbon graduated from the University of Liverpool in 1980 with a Bachelor of Arts (Honours) degree in Economics and is a member of the Institute of Chartered Accountants in England and Wales. He joined the Swire group in 1986.

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BREMIDGE, John Charles Godfrey, aged 53, has been the Finance Director of the Company since 1st April 2009 with responsibility for the financial interests of the Company. He joined the Swire group in 1985 and in addition to Hong Kong, has worked with the group in the United Kingdom, Japan, Australia, Korea and in the Middle East. He was a Director and Chief Operating Officer of Hong Kong Aircraft Engineering Company Limited from September 2004 to March 2009. Mr. Bremridge graduated from the University of Oxford in 1979 with a Bachelor of Arts degree in Psychology, Philosophy and Physiology and obtained a Master of Arts degree from the University of Oxford in 1987 and is a fellow of the Institute of Chartered Accountants in England and Wales. He is seconded from the JSS Group and has no other role in the JSS Group.

BRADLEY, Guy Martin Coutts, aged 44, has been a Director of the Company since 1st January 2008 and Chief Operating Officer, Hong Kong since 1st January 2010 and is responsible for the Company's Hong Kong business. He joined the Swire group in 1987 and in addition to Hong Kong, has worked with the group in Papua New Guinea, Japan, U.S.A., Vietnam, Mainland China, Taiwan and the Middle East. Mr. Bradley graduated from the University of Oxford in 1987 with a Bachelor of Arts degree in Politics, Philosophy and Economics and obtained a Master of Arts degree from the University of Oxford in 1991. He is a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors. He is seconded from the JSS Group and has no other role in the JSS Group.

HO, Cho Ying Davy, aged 63, has been a Director of the Company since 14th April 2010. He is responsible for relations with joint venture partners and government authorities in Hong Kong and the PRC. He was a Director of Swire Pacific Limited from March 1997 to March 2010, a Director of Hong Kong Aircraft Engineering Company Limited from September 1999 to March 2010, and a Director of John Swire & Sons (H.K.) Limited from January 1995 to March 2010. He was Chairman of the Swire group's Taiwan operations and of a number of Swire group companies with shipping and travel interests. He is an Independent Non-Executive Director of DP World Limited, a company listed on NASDAQ Dubai. He joined the Swire group in 1970 and has worked with the group in Hong Kong, Mainland China and Taiwan. Mr. Ho graduated from the University of Western Australia in 1970 with a Bachelor of Science degree in Biochemistry and Physiology.

ONGLEY, Gordon James, aged 56, has been a Director of the Company since 1st February 2003. He joined the Company in 1995 and has worked with the Company in Hong Kong and Mainland China. He was appointed Chief Executive Officer — Mainland China in January 2008 and is responsible for the Company's Mainland China business. Mr. Ongley qualified as a chartered surveyor in 1975 and is a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors.

Non-Executive Directors

CHENG, Hoi Chuen, GBS, OBE, JP, aged 61, has been a Director of the Company since 14 April 2010. Mr. Cheng is a career banker with extensive international business experience particularly in Asia. He joined The Hongkong and Shanghai Banking Corporation Limited in 1978. He is an Executive Director of HSBC Holdings plc and the Chairman of HSBC Bank (China) Company Limited and HSBC Bank (Taiwan) Limited. He is an Independent Non-Executive Director of Great Eagle Holdings Limited and MTR Corporation Limited. He was an Independent Non-Executive Director of Swire Pacific Limited from 12th May 2005 to 31st January 2008. He is Vice-Chairman of the China Banking Association and Vice President of the Hong Kong Institute of Bankers. He is a member of the National Committee of the 11th Chinese People's Political Consultative Conference and a senior

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

adviser to the 11th Beijing Municipal Committee of the Chinese People's Political Consultative Conference. He was a Director of HSBC Bank Australia Limited and a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority until 1st February 2010. He was Chairman and a Director of The Hongkong and Shanghai Banking Corporation Limited until 1st February 2010 and of HSBC Global Asset Management (Hong Kong) Limited until 4th February 2010. He was also a Director of HSBC Bank (Vietnam) Limited. Mr. Cheng graduated from the Chinese University of Hong Kong in 1973 with a Bachelor of Social Science degree in Economics and from the University of Auckland in 1979 with a Master of Philosophy degree in Economics.

HUGHES-HALLETT, James Wyndham John, SBS, aged 60, has been a Director of the Company since 28th July 1998. He is also Chairman of John Swire & Sons Limited and a Director of Swire Pacific Limited, Cathay Pacific Airways Limited and HSBC Holdings plc. He joined the Swire group in 1976 and has worked with the group in Hong Kong, Taiwan, Japan, Australia and London. Mr. Hughes-Hallett graduated from the University of Oxford in 1971 with a Bachelor of Arts degree in English Literature.

KILGOUR, Peter Alan, aged 54, has been a Director of the Company since 1st February 2001. He is also Finance Director of Swire Pacific Limited, and a Director of Cathay Pacific Airways Limited, John Swire & Sons (H.K.) Limited and Swire Beverages Limited. He joined the Swire group in 1983 and has worked with the group in London and Hong Kong. He was Finance Director of Hong Kong Aircraft Engineering Company Limited from November 1998 to October 2000 and Finance Director of the Company from February 2001 to March 2009. Mr. Kilgour graduated from the University of Leicester in 1978 with a Bachelor of Arts (Combined Studies) degree. He is a member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

SWIRE, Merlin Bingham, aged 36, has been a Director of the Company since 14th January 2009. He joined the Swire group in 1997 and has worked with the group in Hong Kong, Australia, Mainland China and London. He is a Director and shareholder of John Swire & Sons Limited and Swire Pacific Limited and a Director of Hong Kong Aircraft Engineering Company Limited. Mr. Swire graduated from the University of Oxford in 1997 with a Bachelor of Arts degree in Classics and obtained a Master of Arts degree from the University of Oxford in 2005.

Independent Non-Executive Directors

BRADLEY, Stephen Edward, aged 52, has been a Director of the Company since 14th April 2010. He is Senior Representative (China) of Grosvenor Limited, a private company that specialises in developing, investing in and managing funds in relation to residential, retail, office and industrial property around the world, and is Vice Chairman (Asia Pacific) of ICAP (Hong Kong) Limited, a wholly-owned subsidiary of ICAP plc. which is listed on the London Stock Exchange and is an international voice and electronic interdealer broker and provider of post-trade services. He is also an advisor to Rio Tinto group, which is an international mining and exploration company listed on the London Stock Exchange and the Australian Stock Exchange. He acts (in the foregoing capacities) as an independent consultant to Grosvenor Limited, ICAP (Hong Kong) Limited and Rio Tinto in relation to their respective business affairs in China. He was Minister, Deputy Head of Mission and Consul-General, British Embassy, Beijing from 2002 to 2003 and British Consul-General, Hong Kong from 2003 to 2008. He retired from the Foreign and Commonwealth Office, U.K. in 2009. Mr. Bradley graduated from the University of Oxford in 1980 with a Bachelor of Arts degree in Oriental Studies.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Dr. CHAN, Cho Chak John, GBS, JP, aged 67, has been a Director of the Company since 14th April 2010. He is a Director of Hang Seng Bank Limited, Transport International Holdings Limited, RoadShow Holdings Limited (also Chairman) and Guangdong Investment Limited. He is also Chairman of The Hong Kong Jockey Club. Dr. Chan graduated from the University of Hong Kong with a Bachelor of Arts (Honours) degree in English Literature in 1964 and a Diploma in Management Studies in 1971, and obtained the degree of Doctor of Social Sciences (*honoris causa*) of the Hong Kong University of Science and Technology in 2009. He is a Companion of the Chartered Management Institute, a Fellow of the Chartered Institute of Logistics and Transport and a Fellow of the Hong Kong Institute of Directors.

Dr. Chan was appointed as an Independent Non-Executive Director of Guangdong Investment Limited (stock code: 270) (“**GDI**”) in June 1998. GDI was incorporated in Hong Kong on 5th January 1973. At present, the principal activities of GDI and its subsidiaries (the “**GDI Group**”) include investment holding, property holding and investment, investment in infrastructure and energy projects, water supply to Hong Kong and to Shenzhen and Dongguan in the mainland of the People’s Republic of China, hotel ownership and operations, hotel management and department stores operation.

As disclosed in GDI’s announcement dated 23rd December 2000, the debt restructuring of the GDI Group (including the Bank Debt Restructuring, the Bond Restructuring, the 2001 FRN Restructuring, the 2000 FRN Restructuring and the US\$27 million Bond Restructuring as defined in the said announcement) became effective on 22nd December 2000. Debts subject to restructuring at GDI level amounted to approximately HK\$4.5 billion and debts subject to restructuring at selected stand alone subsidiaries amounted to an additional HK\$2.3 billion approximately. As announced by GDI on 6th May 2003, all outstanding financial indebtedness of GDI (including those under guarantees issued by GDI) under the debt restructuring scheme pursuant to the master override agreement dated 15th December 2000 between GDI and its financial creditors (“**MOA**”) was repaid and settled in full on 2nd May 2003. All the stand alone override agreements relating to the debt restructuring schemes for the stand alone subsidiaries of GDI had likewise been completed. All professional fees relating to the debt restructuring scheme as aforesaid had since further been ascertained and settled in full. Accordingly the MOA had been completed and terminated automatically in November 2003, and GDI had been fully released from any further obligation under, and had successfully exited from, its debt restructuring completely.

ETCHELLS, Paul Kenneth, aged 59, has been a Director of the Company since 14th April 2010. He is Deputy President of The Coca-Cola Company’s Pacific Group. He joined The Coca-Cola Company in 1998, and has worked in the U.S.A., Mainland China and Hong Kong. He will retire from The Coca-Cola Company on 1st July 2010. He was employed by the Swire group in Hong Kong from 1976 to 1998. Mr. Etchells graduated from the University of Leeds in 1971 with a Bachelor of Arts degree in Political Studies and is a fellow of the Institute of Chartered Accountants in England and Wales. Mr. Etchells is engaged in specific projects for The Coca-Cola Company involving certain parts of the Pacific region, but none of these projects involves the Company, Swire Pacific or any of their respective subsidiaries or any connected person of the Company and he does not have material business dealings with any of them.

LIU, Sing Cheong, JP, aged 54, has been a Director of the Company since 14th April 2010. He is Chairman of My Top Home (China) Holdings Limited (a Guangzhou-based property agency and consultancy), a Director of Hong Kong Science and Technology Parks Corporation, and a Member of the Council of The Hong Kong University of Science and Technology, Development Committee of the

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

West Kowloon Cultural District Authority, and the Security and Guarding Services Industry Authority. Mr. Liu graduated from The Hong Kong Polytechnic University in 1979 with an Advanced Higher Diploma in Surveying and from The Hong Kong University of Science and Technology in 1994 with a Master of Business Administration degree. He is a fellow of the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors. During his career, he has had various posts in the property industry, including with a leading Hong Kong firm of property surveyors.

Save as disclosed above, there is no information to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matters concerning any Director that need to be brought to the attention of the shareholders of the Company.

SENIOR MANAGEMENT

Our senior management are responsible for the day-to-day management of our business. The following table sets forth certain information concerning our senior management personnel.

Name	Age	Position
CHU, Wai Lee	60	Head of Human Resources and Administration
CULBERTSON, Jolyon Charles.....	56	General Manager, Hong Kong Central
KOK, Kai Lam Peter	53	General Manager, Guangzhou & Southern China
KONG, Kei Yeuk	41	General Manager, Shanghai & Eastern China
LEE, Chi Ho Alan	43	Chief Representative, Chengdu & Western China
LOW, Po Hock Gerard	52	General Manager, Beijing & Northern China
MA, Suk Ching	42	General Manager, Development & Valuations
NG, Kar Wai Kenneth	54	General Manager, Projects
OWENS, Stephen Lee	61	USA President
PURVIS, Dominic Alexander Chartres	43	General Manager, Marketing & Communications
SPURR, Stephan Guy	56	General Manager, Island East
TO, Wai Yip Adrian	45	General Manager, Special Projects
WILLIAMS, Brian Edward.....	51	Managing Director, Hotels
ZHANG, Zhuo Ping	38	Commercial Director, Mainland China

CHU, Wai Lee, aged 60, has been Head of Human Resources and Administration of the Company since December 2004. She joined Swire Beverages from ICI Swire Paints in 1999 and the Company in December 2004. She is a member of The Hong Kong Institute of Human Resource Management. She graduated from Carleton University in Canada in 1974 with a Bachelor of Arts degree in Sociology.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

CULBERTSON, Jolyon Charles, aged 56, has been General Manager, Hong Kong Central of the Company since 1990. He is responsible for the leasing and management of various investment properties in Hong Kong, including Pacific Place, Festival Walk and Citygate. He joined the Company in 1981 and was a Director of the Company from January 1994 to March 2010. Mr. Culbertson graduated from the Polytechnic of Central London, now known as the University of Westminster, in 1976 with a Diploma in Urban Estate Management. He is a member of The Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors. He is a member of and an advisor to the International Council of Shopping Centres.

KOK, Kai Lam Peter, aged 53, has been General Manager, Guangzhou and Southern China since January 2008. He joined the Company in 1998 and is currently responsible for new acquisitions, property development and management of the Company's business in Guangzhou and Southern China. He graduated from the Hong Kong Polytechnic, now known as the Hong Kong Polytechnic University, in 1977 with a Higher Diploma in Surveying (General Practice) and is a member of The Hong Kong Institution of Surveyors and The Royal Institution of Chartered Surveyors.

KONG, Kei Yeuk, aged 41, has been General Manager, Shanghai and Eastern China since January 2008. He is responsible for new acquisitions, property development and management of the Company's business in Shanghai and Eastern China. He was also appointed as General Manager, Portfolio Management (Mainland China) since January 2010 to oversee the completed portfolio in Mainland China. He joined the Company in 1991 and has worked in different departments as property manager and development manager. He graduated from the University of Hong Kong in 1991 with a Bachelor of Science in Surveying. He is a member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors.

LEE, Chi Ho Alan, aged 43, has been Chief Representative of the Company for Western China since January 2008 and is responsible for new acquisitions in Chengdu and Western China. He joined the Company in 2007 and has worked with the Company in Shanghai and Chengdu. He graduated from the University of Hong Kong in 1991 with a Bachelor of Science in Surveying. He is a member of The Royal Institution of Chartered Surveyors.

LOW, Po Hock Gerard, aged 52, has been General Manager, Beijing & Northern China of the Company since January 2008. He is responsible for new acquisitions, property development and management of the Company's business in Beijing and Northern China. He joined the Company in 1988 and has worked with the Group in Hong Kong and Beijing. He graduated from the University of British Columbia in 1979 with a Bachelor of Commerce degree in Accounting and Management Information Systems.

MA, Suk Ching, aged 42, has been General Manager, Development & Valuations of the Company since January 2010 and is responsible for the Group's new acquisitions, property development and valuation in Hong Kong. She joined the Company in 1996. She graduated from the University of Hong Kong in 1990 with a Bachelor of Science degree in Quantity Surveying. She is a member of The Hong Kong Institute of Surveyors and The Royal Institution of Chartered Surveyors.

NG, Kar Wai Kenneth, aged 54, has been General Manager, Projects of the Company in Hong Kong since January 2010. He joined the Company in 2002 and is now responsible for the design, construction and completion of all new property developments in Hong Kong. He is a Registered

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Structural Engineer and Chartered Engineer. He is a member of the Hong Kong Institution of Engineers, Institution of Civil Engineers, U.K. and Institution of Structural Engineers, U.K.. He graduated from the University of Manitoba in 1978 with a Bachelor of Science degree in Civil Engineering.

OWENS, Stephen Lee, aged 61, has been President of the Company's U.S. operations since 1985. He has led a number of property investment and development projects for the Company in the U.S.. He graduated from East Carolina University in 1970 with a Bachelor of Science degree in Business Administration. He joined the Swire group in 1977.

PURVIS, Dominic Alexander Chartres, aged 43, has been General Manager of Marketing & Communications since July 2009. He is responsible for corporate marketing and communications, as well as the Company's sustainable development activities. He joined the Swire group in 1989 and has worked for Cathay Pacific Airways Limited and the Company in Hong Kong, Germany and India. He graduated from the University of Oxford in 1989 with a Bachelor of Arts degree in Modern Languages and obtained a Master of Arts degree from the University of Oxford in 1994.

SPURR, Stephan Guy, aged 56, has been General Manager, Island East of the Company since January 1993. He is responsible for the leasing and management of various investment properties in Island East, including TaiKoo Place, Cityplaza and Island Place, as well as the estate management of the Company's residential properties developed for trading. He was a Director of the Company from January 1996 to March 2010. Prior to joining the Company in 1991, he had worked with the Hongkong Land Company Limited in Hong Kong and Australia for 14 years. He graduated from the University of Cambridge in 1976 with a Bachelor of Arts degree in History and History of Art, and obtained a Master of Arts degree from the University of Cambridge in 1980.

TO, Wai Yip Adrian, aged 45, has been General Manager, Special Projects of the Company since January 2008 and is responsible for various corporate initiatives of the Company. He will be appointed as General Manager, Residential in July 2010, and will be responsible for sales, leasing and management, and property management of the Company's Hong Kong residential portfolio. He joined the Company in 1988 and has worked with the group in a number of roles in Hong Kong and London. He graduated from City University London in 1988 with a Bachelor of Science degree in Property Valuation and Management. He is a professional member of The Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors and a registered professional surveyor of Surveyors Registration Board.

WILLIAMS, Brian Edward, aged 51 has been Managing Director of Swire Properties Hotel Holdings since January 2006. After completing a management training programme with Trust House Forte Hotels in the United Kingdom, he held a number of senior management positions with Mandarin Oriental Hotel Group, including General Manager of Mandarin Oriental Macau, General Manager of The Ritz London, General Manager of Mandarin Oriental Hyde Park London and Vice President, Development, EMEA of Mandarin Oriental Hotel Group (Monaco). Before joining Swire Properties Hotel Holdings in 2006, he was Chief Executive Officer of the Scotsman Hotel Group.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

ZHANG, Zhuo Ping, aged 38, has been Commercial Director, Mainland China of the Company since July 2009. He joined the Swire group in 2002 and has worked with the group in Hong Kong and Beijing. He graduated from the University of Cambridge in 1994 with a Bachelor of Arts degree in Economics. He graduated from INSEAD in 2001 with a Master of Business Administration degree.

COMPANY SECRETARY

FU, Yat Hung David, aged 46, has been Company Secretary of the Company since February 2010. He graduated from the University of Oxford with a Master of Arts degree in Engineering, Economics and Management. He is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He joined the Swire group in 1988 and has worked with the group in Hong Kong and Beijing. He is also Company Secretary of Swire Pacific, Cathay Pacific Airways Limited and Hong Kong Aircraft Engineering Company Limited, all listed on the Stock Exchange.

COMPLIANCE ADVISER

We have appointed Quam Capital Limited as our compliance adviser in compliance with Rule 3A.19 of the Hong Kong Listing Rules. Quam Capital Limited will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws.

The term of the appointment will commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year after the Listing Date.

BOARD COMMITTEES

Audit Committee

The Company has established a Board audit committee in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal controls. The audit committee currently consists of three non-executive Directors, two of whom are independent. The members currently are John Chan, Paul Etchells and Peter Kilgour. It is currently chaired by an independent non-executive Director, Paul Etchells.

The responsibilities of the audit committee following the completion of the Global Offering will include, among others:

- (a) to make recommendations to the Board, for it to put to the Shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

- (c) to discuss with the external auditor before the audit commences the nature and scope of the audit and reporting obligations and ensure co-ordination where more than one audit firm is involved;
- (d) to develop and implement policy on the engagement of an external auditor to supply non-audit services and to report to the board, identifying any matters in respect of which the committee considers that action or improvement is needed and making recommendations as to the steps to be taken;
- (e) to monitor integrity of the interim and annual financial statements and annual and interim report and accounts and to review significant financial reporting judgments contained in them before submission to the Board, focusing particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with Stock Exchange and legal requirements in relation to financial reporting;
- (f) in regard to paragraph (e) above, to consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and give due consideration to any matters that have been raised by the Finance Director, Company Secretary or auditors;
- (g) to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary);
- (h) to review the external auditors management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response, and to ensure that the Board provide a timely response to the issues raised;
- (i) to review the Company's statement on internal control systems (where one is included in the annual report) prior to endorsement by the board;
- (j) to review the Company's financial controls, internal control and risk management systems;
- (k) to discuss with management the system of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of the resources, qualifications and experience of the staff of the Company's accounting and financial reporting function, and their training programmes and budget;
- (l) to monitor and review the effectiveness of the internal audit function, consider the major findings of internal investigations and management's response, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company and is free from management or other restrictions;

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

- (m) to review the group's financial and accounting policies and practices;
- (n) to report to the board on the matters raised in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules;
- (o) to review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in financial report, internal control or other matters. The audit committee should ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action; and
- (p) to consider other topics, as defined by the Board.

The Company believes that the composition and functioning of its audit committee following the completion of the Global Offering will comply with the applicable requirements of the Stock Exchange. The Company intends to comply with future requirements to the extent they become applicable to it.

Remuneration Committee

The Company has established a Board remuneration committee in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The remuneration committee currently comprises three non-executive Directors, two of whom are independent. The members currently are Stephen Bradley, James Hughes-Hallett and S C Liu. It is currently chaired by James Hughes-Hallett, who is a non-executive Director.

The responsibilities of the remuneration committee include, among others:

- to determine the remuneration packages of individual executive Directors and senior management, (including salaries, bonuses, benefits in kind and the terms on which they participate in any share or other incentive scheme and any provident fund or other retirement benefit scheme) taking into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors and senior management, employment conditions elsewhere in the group and desirability of performance-based remuneration;
- to determine the terms and conditions on which the employment of any executive Director or senior management shall be terminated to ensure that any compensation payment is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

- to make recommendation to the board on the remuneration of non-executive Directors; and
- to ensure that no Director or any of his associates is involved in deciding his own remuneration.

DIRECTORS' AND SENIOR MANAGEMENT'S COMPENSATION

The aggregate amounts of emoluments (including fees, salaries, contributions to pensions schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid to the Directors for the three years ended 31st December 2009 were approximately HK\$40 million, HK\$50 million and HK\$71 million, respectively.

The aggregate amount of the emoluments (including fees, salaries, contributions to pensions schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid to the Company's five highest paid individuals for the three years ended 31st December 2009 were approximately HK\$40 million, HK\$44 million and HK\$56 million, respectively.

Except as disclosed above, no other payments have been made or are payable, in respect of the three years ended 31st December 2007, 2008 and 2009, by any of member of the Group to any of the Directors.

Under the arrangements currently in force, we estimate the aggregate compensation, excluding discretionary bonus, of the Directors payable for the year ending 31st December 2010 to be approximately HK\$32 million.

EMPLOYEES

As at 31st March 2010, we had a total of 3,704 full-time employees (including secondees from JSSHK). The table below shows the number of employees in each of the stated categories as at 31st March 2010:

<u>Category</u>	<u>Number</u>
Management.....	47
Development and Valuations	107
Projects.....	142
Portfolio Management.....	2,088
Marketing and Communications	59
Finance	42
eServices	50
Human resources and administration	79
Hotel	870
U.S. operations	33
Others.....	187
Total	3,704

During the year ended 31st December 2009, the total number of employees increased from 3,335 to 3,608.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

RETIREMENT BENEFIT SCHEMES

Our employees are offered retirement benefits upon their retirement or leaving the Company. With effect from 1st December 2000, all full-time permanent employees have a one-off option at the commencement of employment to choose between the Mandatory Provident Fund Scheme (MPF) and the Company's retirement scheme operated under the Occupational Retirement Schemes Ordinance (ORSO). The Company's ORSO Scheme has obtained an MPF exemption certificate issued by the Mandatory Provident Fund Schemes Authority and is non-contributory for employees. A scheme choice booklet is given to all prospective employees together their employment letter. The booklet provides explanation and comparison between the ORSO Scheme and MPF Scheme.

All temporary or contract employees are offered MPF Scheme membership only. Both the employee and the Company each contribute 5% of the employee's relevant income (subject to a cap of HK\$20,000 per month) to the employee's account.

For the ORSO Scheme, upon termination of service or retirement, payment is made by the trustee of the scheme directly to the employee, or in the case of death, to his/her beneficiaries in accordance with the power of discretion vested in the trustee.

For the MPF Scheme, employees will receive their benefits at age 65 or upon being permanently disabled. In the case of death, the MPF account balance will be paid to the legal personal representative. If an employee leaves the Company, his/her account balances may be transferred to his/her new account under the MPF Scheme of the new employer.

Our employees in the PRC participate in statutory social security plans enacted in China, which cover pension, medical and other welfare benefits. Both the employers and the employees are required to make contributions to the plans calculated based on percentage of the monthly compensation of employees, subject to a certain ceiling, and are paid to the respective labor and social welfare authorities. The local government is responsible for the planning, management and supervision of the scheme, including collecting the contributions and paying out the pensions to the retired employees.

For details of the Group's retirement benefits schemes, please refer to Note 2(w) to the Accountant's Report in Appendix I to this prospectus.

OTHER EMPLOYEE BENEFITS

We also provide other benefits to our staff or particular categories of staff, including medical benefits, group life insurance, corporate housing (or housing allowance), discretionary bonus, leave passage allowance, children's education allowance, overtime allowance and professional membership fee reimbursement.

Remuneration of our employees primarily includes salaries, discretionary bonus, housing allowance and certain other allowances. Bonuses are generally discretionary based on individual performance of the employee and the overall performance of our business.

We incurred staff costs of HK\$642 million, HK\$725 million and HK\$866 million for each of the three years ended 31st December 2007, 2008 and 2009, respectively, representing 11.0%, 10.3% and 10.6% of our turnover for these periods, respectively.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

STAFF TRAINING AND DEVELOPMENT

We value our people and offer ample opportunities for them to develop and grow within the Group. We offer our staff, including trainees, comprehensive training in negotiation skills, leadership, business etiquette, problem-solving, decision-making, business ethics and corporate social responsibility.

SHARE CAPITAL

The following is a description of the authorised and issued share capital of the Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Global Offering:

	<u>Number of Shares</u>	<u>Value (HK\$)</u>
Authorised share capital.....	30,000,000,000	30,000,000,000
Shares in issue as at the date of this prospectus.....	5,690,000,000	5,690,000,000
Shares to be issued pursuant to the Global Offering.....	910,000,000	910,000,000
Total	6,600,000,000	6,600,000,000

Assumptions

The above table assumes that the Global Offering becomes unconditional.

Ranking

The Offer Shares are ordinary shares in the share capital of the Company and will rank equally in all respects with all the Shares in issue or to be issued as set out in the above table, and will qualify for all dividends, income and other distributions declared, made or paid and any other rights and benefits attaching or accruing to the Shares following the completion of the Global Offering.

General Mandate to Issue Shares

The Directors have been granted a mandate to allot, issue and deal with additional Shares and to make or grant offers, agreements and options which will or might require the exercise of such powers, provided that the aggregate nominal amount of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors other than pursuant to:

- (i) a rights issue; or
- (ii) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares

shall not exceed the aggregate of:

- (I) 20% of the aggregate nominal amount of the Shares in issue as at the date on which dealings in the Shares commence on the Stock Exchange provided that the aggregate nominal amount of the Shares so allotted (or so agreed conditionally or unconditionally to be allotted) wholly for cash shall not exceed 5% of the aggregate nominal amount of the Shares in issue as at the date on which dealings in the Shares commence on the Stock Exchange; and

SHARE CAPITAL

- (II) the aggregate nominal amount of the share capital of the Company purchased by the Company subsequent to the passing of the share allotment mandate (up to a maximum equivalent to 10% of the aggregate nominal amount of Shares in issue as at the date on which dealings in the Shares commence on the Stock Exchange).

This mandate will expire at the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the revocation or variation of the authority given by an ordinary resolution of the Shareholders.

For further details of this mandate, see the section headed “Further Information About the Company — Written Resolutions of the Shareholders dated as of 14th April 2010” in Appendix IX “Statutory and General Information” to this prospectus.

General Mandate to Repurchase Shares

The Directors have been granted a repurchase mandate to exercise all the powers of the Company to make on-market repurchase of Shares with a total nominal value of not more than 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date on which dealings in the Shares commence on the Stock Exchange.

This repurchase mandate only relates to on-market share repurchases (within the meaning of the Hong Kong Code on Share Repurchases) and will expire at the earliest of:

- (i) the conclusion of the Company’s next annual general meeting;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the revocation or variation of the authority given by an ordinary resolution of the Shareholders.

For further details of this repurchase mandate, see the section headed “Further Information About the Company — Written Resolutions of the Shareholders dated as of 14th April 2010” in Appendix IX “Statutory and General Information” to this prospectus.

SHARE CAPITAL

PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the issuer's total issued share capital must at all times be held by the public. The Company has applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange has confirmed that it will exercise, its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of 15% for the Company. The above discretion is subject to the condition that the Company complies with the disclosure requirements under Rule 8.08(1)(d) of the Listing Rules. The Company will make appropriate disclosure of the lower prescribed percentage of public float and confirm sufficiency of the public float in its successive annual reports after the Listing. In addition, the Company will, with a view to ensuring compliance with its obligations under the Listing Rules in relation to the minimum number of its shares which must be in public hands, (i) monitor its register of members, relevant disclosures made under Part XV of the SFO and other relevant sources of information available to it and (ii) (if at any time it becomes aware that the number of shares which are in public hands is less than such minimum number) take such steps as are legally available to it to restore the number of shares in public hands to such minimum number.

Although the directors of Swire Pacific who are Eligible Employees will be eligible to apply for Offer Shares pursuant to the Employee Preferential Offering as well as pursuant to the Hong Kong Public Offering, the allocation of Offer Shares to such directors will not affect the ability of the Company to satisfy the minimum public float percentage of 15%.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our business, financial condition and results of operations together with the consolidated financial information as at and for each of the years ended 31st December 2007, 2008 and 2009 and the accompanying notes included in the Accountant's Report set out in Appendix I to this prospectus and the other financial information appearing elsewhere in this prospectus. The consolidated financial information have been prepared in accordance with HKFRS, which may differ in material respects from generally accepted accounting principles in other jurisdictions, including the United States. The following discussion and analysis contains forward-looking statements and information that involve substantial risks and uncertainties. Our future results could differ materially from those stated in any forward-looking statements and forward-looking information contained in this section and this prospectus. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk Factors" in this prospectus.

BASIS OF DISCUSSION AND PRESENTATION OF OUR FINANCIAL STATEMENTS

We set forth below a discussion of our operating results as at and for the years ended 31st December 2007, 2008 and 2009. The audited financial information has been presented on a consolidated basis so as to present statements of financial position as at 31st December 2007, 2008 and 2009 and income statements and statements of cash flow for the years ended 31st December 2007, 2008 and 2009. The audited financial information has been prepared in accordance with the accounting policies set out in Appendix I to this Prospectus, which conform with HKFRS issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The same accounting policies have been consistently applied to the audited financial information for the years ended 31st December 2007, 2008 and 2009 except for the amendment to Hong Kong Accounting Standard 40 "Investment Property" ("HKAS 40") and Hong Kong Accounting Standard 16 "Property, Plant and Equipment" ("HKAS 16"), which was published by the HKICPA in May 2009. HKAS 40 and HKAS 16 require investment properties under development to be held at fair value rather than at cost. The amendment to HKAS 40 and HKAS 16 is effective for the accounting periods beginning on or after 1st January 2009 and is applied prospectively. Under the relevant accounting rules, the amendment to HKAS 40 and HKAS 16 may only be applied retrospectively if the fair values of the investment properties under development can be determined at the relevant earlier dates. In determining those fair values, the rules do not permit the use of hindsight. In our case, hindsight would have to be used in order to perform the separation of the valuations of certain of our hotel properties which would be necessary in order to determine the valuation of investment properties under development at the relevant earlier dates. This is because those hotel properties (which were components of certain of our properties under development) were not valued separately from the other components of those properties under development. For details of the impact of the amendment to HKAS 40 and HKAS 16 on our financial information, please refer to the sub-sections headed "Critical Accounting Policies and Estimates — Investment Properties" and "Results of Operations — 2009 compared to 2008" in this section of the prospectus.

We have prepared our consolidated financial information under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale investments at their fair value in accordance with HKFRS.

FINANCIAL INFORMATION

OVERVIEW

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

FACTORS AFFECTING RESULTS OF OPERATIONS

General Economic Conditions and Market Cyclicity

General economic conditions, principally those in Hong Kong and the PRC, have affected and may continue to affect our business and results of operations. In particular, consumer spending power and confidence have affected rental income from our retail portfolio, a portion of which is turnover rent. Economic conditions in Hong Kong and the PRC directly affect the demand for office and retail premises in Hong Kong and the PRC and therefore our rental income from our office and retail portfolio. For example, the demand for, and rental rates of, our office premises generally decreased due to the global financial crisis in the second half of 2008. While the economic conditions in Hong Kong and the PRC have begun to recover to a certain extent, we expect the demand for our retail and office spaces and our operating results will continue to be affected by the general economic conditions and growth in Hong Kong and the PRC.

The Hong Kong and PRC property markets have historically been cyclical. For example, during 2003 when the economy experienced a sharp downturn due to the spread of SARS, the average rental per square foot in the Hong Kong property market fell significantly. Typically, during periods of economic growth we experience positive rental reversions, that is, we are able to achieve higher rental rates upon lease renewal, rent review or entry into new leases compared to the prior rental rate for a particular property. Conversely, during periods of sustained economic contraction or significant market disruptions, rental reversions can be negative. Because lease terms and the periods between rental reviews typically are at least three years, rental rates on individual premises are locked in for several years at a level which may diverge from the prevailing market rate for similar premises during the period until the lease expires or the next rental review.

Rental Rates and Occupancy Trends

Our rental income depends principally on our rental rates and occupancy rates. Factors affecting the rental rates for tenancies include the supply of comparable premises and the overall demand in the market, the floor area occupied by individual tenants, the trade sectors in which tenants operate, general macroeconomic conditions (including inflation rates) and occupancy rates. In addition, occupancy rates largely depend on rental rates relative to those at competing properties, the supply of and demand for comparable properties and the ability to minimise the intervals between lease expiries (or terminations) and the entry into new leases. In addition, occupancy rates of a new property tend to be lower during the first few months after its opening.

FINANCIAL INFORMATION

The following table sets forth information on the average effective rent per leased square foot at our principal completed investment properties for the periods indicated:

	2007	2008	2009
	(HK\$ per square foot)		
HONG KONG			
<i>Office</i>			
One, Two and Three Pacific Place.....	39.5	52.6	62.4
TaiKoo Place:			
One Island East.....	—	23.9	28.5
Techno-centres	12.1	14.1	15.0
TaiKoo Place Office Towers	20.0	24.0	25.9
Overall	17.1	21.6	22.4
Cityplaza One, Three and Four	19.1	23.1	24.6
 <i>Retail</i>			
The Mall at Pacific Place.....	126.0	134.4	137.8
Cityplaza (retail).....	42.4	44.5	47.0
Festival Walk (retail)	88.4	91.8	94.4
 <i>Residential</i>			
Pacific Place Apartments.....	42.6	51.2	53.0
 PRC			
<i>Retail</i>			
Village South.....	—	26.7	39.4

FINANCIAL INFORMATION

The following table sets forth information on the average occupancy rates at our principal completed investment properties for the periods indicated:

	2007	2008	2009
	%	%	%
HONG KONG			
<i>Office</i>			
One, Two and Three Pacific Place.....	99.1	99.8	98.0
TaiKoo Place:			
One Island East.....	—	90.9	92.0
Techno-centres	99.2	100.0	98.8
TaiKoo Place Office Towers	96.8	100.0	99.0
Overall	97.8	97.6	97.2
Cityplaza One, Three and Four	95.6	99.9	98.6
 <i>Retail</i>			
The Mall at Pacific Place.....	99.9	100.0	100.0
Cityplaza (retail).....	100.0	100.0	100.0
Festival Walk (retail)	100.0	100.0	100.0
 <i>Residential</i>			
Pacific Place Apartments.....	98.4	94.8	84.0
 PRC			
<i>Retail</i>			
Village South.....	—	90.3	91.2

Scheduled Lease Expiries and Rent Reviews

Lease terms for our principal investment properties generally range from three to five years for retail tenants and three to six years for office tenants. Rental rates under our retail leases generally increase at a fixed, pre-agreed amount each year. In addition, our leases with terms of more than three years will generally provide that the rents payable are reviewed and adjusted every three years or at other intervals in accordance with prevailing market levels. Lease terms for our residential leases generally range from one month to two years.

FINANCIAL INFORMATION

The following table sets forth information relating to the expiry of our tenancies as at 31st March 2010.

As at 31st March 2010	Year of expiry of lease term	LFA as at 31st March 2010	Percentage of total LFA of our completed investment properties as at 31st March 2010	Percentage of our total base rental income for the month ended 31st March 2010
		(million sq.ft.)	(%)	(%)
Tenancies expiring in	2010	1.0	9	11
	2011	2.2	19	24
	2012	2.0	17	19
	2013 and beyond	6.1	52	46
Vacant space		0.3	3	—
Total		<u>11.6</u>	<u>100</u>	<u>100</u>

Our ability to re-lease expiring space and the terms we achieve will have an impact on our results of operations.

Changes in Fair Value of Investment Properties

Property values are affected by, among other factors, supply of and demand for comparable properties, the rate of economic growth, interest rates, inflation, political and economic developments in Hong Kong and the PRC, construction costs and the timing of our development of properties.

The annual revaluation of our investment properties has resulted and may continue to result in significant fluctuations in our operating profit. Excluding the effect of deferred tax, an increase in the fair value of our investment properties of HK\$19,420 million was recorded in 2007, followed by a significantly smaller fair value gain on investment properties of HK\$358 million in 2008. A fair value gain on investment properties of HK\$14,407 million, before deferred tax, was recorded in 2009.

For additional information on revaluation of our investment properties, see the sub-section headed “Critical Accounting Policies and Estimates — Investment Properties” and the sub-section headed “Certain Financial Position Items — Investment properties” below.

Access to and Cost of Funding

Bank borrowings and borrowings from Swire Pacific and Swire Finance have been significant sources of funding for our business.

FINANCIAL INFORMATION

As at 31st December 2007, 2008 and 2009 and 31st March 2010, our outstanding bank borrowings (substantially all of which were denominated in Renminbi) amounted to HK\$2,814 million, HK\$3,637 million, HK\$4,147 million and HK\$4,539 million, respectively. The average interest rate on our bank borrowings, computed as our total interest expenses in respect of our bank borrowings for each year (or, as the case may be, the three months ended 31st March 2010) divided by the simple average of our month-end outstanding bank borrowings in 2007, 2008, 2009 and the three months ended 31st March 2010, amounted to 5.3%, 7.4%, 6.0% and 5.3%, respectively. Our aggregate interest expenses on our bank borrowings during the same periods amounted to HK\$41 million, HK\$238 million, HK\$226 million and HK\$59 million, respectively. As banks in the PRC link the interest rates on their loans to benchmark lending rates published by the PBOC, any increase in such benchmark lending rates will increase the interest costs for our business. In addition, our access to capital and cost of financing are affected by restrictions imposed from time to time by the PRC government on bank lending for property developments.

As of 31st December 2007, 2008, 2009 and 31st March 2010, our aggregate outstanding borrowings from Swire Pacific and Swire Finance amounted to HK\$28,285 million, HK\$34,274 million, HK\$31,304 million and HK\$32,034 million, respectively. Our borrowings from Swire Pacific were interest free. All of our outstanding borrowings from Swire Pacific were capitalised on 31st December 2009. The average interest rate on our borrowings from Swire Finance, computed as our total interest expenses in respect of our borrowings from Swire Finance for each year divided by the simple average of our month-end outstanding borrowings from Swire Finance in 2007, 2008, 2009 and the three months ended 31st March 2010, amounted to 4.82%, 4.25%, 3.82% and 3.83%, respectively. Our aggregate interest expense on our borrowings from Swire Finance during the same years amounted to HK\$1,012 million, HK\$1,228 million, HK\$1,182 million and HK\$301 million, respectively.

Upon maturity of our borrowings from Swire Finance, we intend to obtain new funding (as necessary) without recourse to Swire Pacific. We believe that we will be able to do so based on our record of fund-raising on a standalone basis and our strong financial position. For further details about our financial independence from the Controlling Shareholders, see the section headed “Relationship with the Controlling Shareholders — Independence from the Controlling Shareholders — Financial independence” in this prospectus. In addition, we have obtained and expect to continue to obtain standalone financing to fund the construction of our PRC projects.

FINANCIAL INFORMATION

The table below gives information about the financing of our PRC projects as at 31st March 2010.

	Sanlitun Village ⁽⁶⁾	Dazhongli ⁽³⁾	INDIGO ⁽³⁾	TaiKoo Hui	Total	Amount attributable to the Group ⁽⁴⁾	
		Entry premium	Other costs (On a 100% basis) (RMB in millions)				
Total funding required	6,322	550	15,497	4,025	5,857	32,251	21,050
Less: Funding drawn to date	5,765	550	6,839	1,464	3,112	17,730	12,332 ⁽⁵⁾
Balance funding required	557	—	8,658	2,561	2,745	14,521	8,718
Less: Loans committed yet to be drawn	557	—	658	2,561	1,445	5,221	3,456
Less: New loans expected to be committed	—	—	8,000 ⁽¹⁾	—	650 ⁽²⁾	8,650	4,631
Balance to be funded by net cash flow	—	—	—	—	650	650	631

Notes:

- (1) Bank of China has agreed to underwrite the RMB8 billion banking facility. Loan syndication is being arranged. The loan is for a term of 13 years and the interest rate is below the applicable PBOC rate.
- (2) The loan agreement was signed in April 2010. The loan is for a term of approximately 5 years and the interest rate is below the applicable PBOC rate.
- (3) The debt to be incurred by the Dazhongli and INDIGO projects is not accounted for as a borrowing of the Group as jointly controlled companies are accounted for by the equity method of accounting.
- (4) Weighted by attributable ownership: Sanlitun Village (80%), Dazhongli (50%), INDIGO (50%) and TaiKoo Hui (97%).
- (5) Including equity contribution and shareholder loans from the Group in the total amount of RMB9,713.5 million.
- (6) For the purpose of this table, Sanlitun Village does not include The Opposite House.

For details of the valuation of each of the PRC projects attributable to the Group, see the sections headed “Business — Principal Completed Properties for Investment — The PRC” and “Business — Principal Investment Properties under Development or Held for Future Development” in this prospectus.

Ability to Acquire Suitable Land and Property Assets at Reasonable Costs

Our continuing growth will depend to a certain extent on our ability to acquire quality land (including through investments in jointly controlled companies) at prices that can yield a reasonable return. In 2009, land and property acquisition costs in Beijing, Shanghai, Guangzhou and Hong Kong generally increased. We expect that competition among developers for land reserves, in particular in the PRC and Hong Kong, will remain intense and will further increase our land and property acquisition costs.

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RECENT DEVELOPMENTS

The following events took place after 31st December 2009 and were not reflected in the Accountant's Report in Appendix I to this prospectus.

Documentation of Borrowings Owed to Swire Finance

On 31st March 2010, we entered into the Inter-group Loan Agreements with Swire Finance to record the terms of our outstanding borrowings from Swire Finance. These Inter-group Loan Agreements substantially mirror the terms and maturity profile of the underlying borrowings by Swire Finance from third parties. As a result of the Inter-group Loan Agreements, most of our outstanding borrowings from Swire Finance were reclassified as non-current liabilities as at 31st March 2010.

For further information on the Inter-group Loan Agreements, please refer to the section headed "Relationship with the Controlling Shareholders - Relationship with the Controlling Shareholders - Inter-group Funding" in this prospectus.

Acquisition of U.S. Properties

On 25th January 2010, we acquired all the shares of Swire Properties US Inc. and Swire Properties One Inc. and all the outstanding related loan notes of Swire Properties US Inc. from Swire Pacific for a total consideration of HK\$1,108,132,451, which was satisfied by the issue by the Company of 1,108,132,451 new Shares at par on the same date. The combined net assets of the companies acquired on the date of the acquisition were HK\$781 million. For further information on the combined carrying value of assets and liabilities of the companies acquired, please refer to Note 44 of "Appendix I — Accountant's Report" to this prospectus.

For further information on the above properties, please refer to the section headed "Business — Our Property Portfolio" in this prospectus.

53 Stubbs Road, The Peak

On 14th April 2010, a wholly-owned subsidiary of the Company entered into a development agreement with Swire Pacific in relation to a property at 53 Stubbs Road, The Peak. Under the development agreement, we agreed to redevelop the property in return for a fee. For further information, please refer to the sections headed "Relationship with the Controlling Shareholders — Relationship with the Controlling Shareholders — Retained Properties" and "Business — Property Development Business" in this prospectus.

Sale of 6-16 Peel Rise, The Peak

On 17th April 2010, we entered into a provisional agreement for sale and purchase in respect of our disposal of an investment property at 6-16 Peel Rise on the Peak for a consideration of HK\$1,098 million. The formal agreement for sale and purchase is expected to be entered into on or before 6th May 2010.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Estimates and judgments used in preparing the consolidated financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. We make estimates and assumptions

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concerning the future. The resulting accounting estimates will, inevitably, seldom be equal to the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

When reviewing our consolidated financial information, you should consider (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. We believe the following accounting policies involve the most significant judgment and estimates used in the preparation of our consolidated financial information.

Investment Properties

DTZ, an independent property valuer, was engaged to carry out a valuation of the major portion of the Group's investment property portfolio as at 31st December 2007, 2008 and 2009. This valuation was carried out in accordance with the Valuation Standards on Properties issued by the Hong Kong Institute of Surveyors which defines market value as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties each acted knowledgeably, prudently and without compulsion".

DTZ has derived the valuation of the Group's completed investment property portfolio by capitalising the rental income derived from existing tenancies with due provision for reversionary income potential and by making reference to recent comparable sales transactions as available in the relevant property market. They make assumptions principally in respect of open market rents and yields.

DTZ has derived the valuation of the Group's investment properties under construction by making reference to recent comparable sales transactions as available in the relevant property market (on the assumption it had already been completed at the valuation date), and has also taken into account the construction cost already incurred as well as the estimated cost to be incurred to complete the project. Where the valuation is prepared based on the assumption that the property's title certificate has been received but this is not the case, the Group has made an estimate of the future land costs and deducted from the valuation.

Management has reviewed the independent property valuation and compared it with its own assumptions, with reference to comparable sales transaction data where such information is available, and has concluded that the independent property valuation of the Group's investment property portfolio is reasonable.

In accordance with an amendment to HKAS 40 and HKAS 16, the Group's investment properties under development have been held at fair value rather than at cost from the year ended 31st December 2009. Prior to the amendment to HKAS 40 and HKAS 16, land and buildings being developed for future use as investment properties were carried at cost less impairment rather than at fair value.

Impairment of Assets

The Group tests at least annually whether goodwill and other assets that have indefinite useful lives have suffered any impairment. Other assets, including land and properties not held at fair value, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying

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amount of the asset exceeds its recoverable amount. The recoverable amount is determined using fair value less costs to sell or based on a value-in-use calculation as appropriate. These calculations require the use of estimates.

Income Taxes

The Group is subject to income taxes in Hong Kong, the PRC, the U.K. and the U.S.. Significant judgment is required in determining the worldwide provision for income taxes. There are transactions and calculations relating to the Group's ordinary business activities for which the ultimate tax determination is uncertain. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the year in which the outcomes become known.

CERTAIN INCOME STATEMENT ITEMS

Turnover

We derive our turnover primarily from rental income from our investment properties, and to a lesser extent from property trading, hotel ownership and operation and rendering of property management services.

The following table illustrates our turnover by business segment for the years indicated:

	Year Ended 31st December		
	2007	2008	2009
	(HK\$ in millions)		
Gross rental income derived from:			
Offices	2,701	3,627	4,106
Retail:			
- Hong Kong retail	2,616	2,729	2,802
- PRC retail	—	181	258
Residential	261	291	267
Property investment	5,578	6,828	7,433
Rendering of services	86	73	83
Property trading	7	—	504
Hotels:			
- Hong Kong hotels	—	—	37
- PRC hotel	—	19	62
- UK hotels	148	137	73
Total turnover	<u>5,819</u>	<u>7,057</u>	<u>8,192</u>

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The following table illustrates rental income from our office, Hong Kong retail and PRC retail investment properties for the years indicated:

	Year Ended 31st December								
	2007			2008			2009		
	Office	Hong Kong Retail	PRC Retail	Office	Hong Kong Retail	PRC Retail	Office	Hong Kong Retail	PRC Retail
	(HK\$ in millions)			(HK\$ in millions)			(HK\$ in millions)		
Base rent.....	2,049	1,773	—	2,906	1,888	174	3,341	1,961	232
Turnover rent	—	213	—	—	211	3	—	202	4
Services charges.....	—	117	—	—	120	—	—	124	—
Promotion levies	—	41	—	—	43	—	—	44	6
Air-conditioning and management charges	584	160	—	640	166	8	697	172	23
Carpark income.....	29	166	—	37	168	—	32	160	2
Other supplementary charges	39	146	—	44	133	(4)	36	139	(9)
Total	2,701	2,616	—	3,627	2,729	181	4,106	2,802	258

Cost of sales

Cost of sales comprises primarily rental outgoings, which include staff costs (other than costs of staff at the head office), utility expenses, building maintenance and services, car park expenses, marketing expenses, government rent and other expenses relating to our investment properties. In general, rental outgoings are fully recovered from tenants in Hong Kong. However, rental outgoings in the PRC (which include PRC buildings tax) are currently recovered only in part from tenants at our completed investment properties in the PRC. We also incur cost of sales related to our hotels, property trading and property management businesses.

	Year Ended 31st December		
	2007	2008	2009
	(HK\$ in millions)		
Cost of Sales			
Total rental outgoings	1,094	1,242	1,363
Property trading	5	1	351
Hotels	128	200	332
Other	35	35	34
Total cost of sales.....	1,262	1,478	2,080

Administrative expenses

Administrative expenses comprise primarily head office staff costs, a management fee payable to Swire Pacific, office rent and rates, depreciation and utilities and other expenses. The management fee to Swire Pacific has ceased to be payable for the year ending 31st December 2010 and subsequent years.

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Other operating expenses

Other operating expenses are service fees payable to JSSHK under the Services Agreement. For details of the Services Agreement, please refer to the section headed “Connected Transactions — Continuing Connected Transactions Subject to the Reporting and Announcement Requirements of the Listing Rules” in this prospectus.

Other net gains

Our other net gains primarily consist of profit on sales of properties, profit on share dilution in subsidiary companies and net foreign exchange gains or losses. Our net foreign exchange losses arose from the appreciation of Renminbi during the Track Record Period, which reduced the value of our HK dollar and US dollar cash deposits placed in PRC banks pending conversion into Renminbi.

The following table illustrates our other net gains for the years indicated:

	Year Ended 31st December		
	2007	2008	2009
	(HK\$ in millions)		
Profit on sales of properties	90	—	131
Profit on share dilution in subsidiary companies	—	40	—
Net foreign exchange losses	(29)	(24)	(3)
Others	3	12	8
Other net gains	<u>64</u>	<u>28</u>	<u>136</u>

Change in the fair value of investment properties

Investment properties are carried at fair values and are valued at least annually. The majority of investment properties are valued by independent valuers. The valuations are performed in accordance with the Valuation Standards on Properties issued by the Hong Kong Institute of Surveyors and are on an open market basis, related to individual properties, and separate values are not attributed to land and buildings. Investment properties that are being redeveloped for continuing use as investment properties are measured at fair value. Land and buildings that are being redeveloped for future use as investment properties started to be measured at fair value with effect from 1st January 2009. Changes in fair values are recognised in the income statement. The annual revaluation of the investment properties has in the past resulted, and in the future may continue to result, in significant fluctuations in the operating profit of the Group.

Finance charges

Finance charges consisted of interest charges on bank loans and overdrafts and on loans from Swire Finance, less capitalised interest charges on investment properties and other properties under development.

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The following table illustrates our finance charges for the years indicated:

	Year Ended 31st December		
	2007	2008	2009
	(HK\$ in millions)		
Interest charges on:			
Bank loans and overdrafts	(41)	(238)	(226)
Loans from Swire Finance	(1,012)	(1,228)	(1,182)
Other financing costs	(6)	(64)	(61)
Deferred into properties under development for sale	2	7	32
Capitalised on:			
Investment properties.....	142	45	157
Other properties.....	204	299	33
Total finance charges	<u>(711)</u>	<u>(1,179)</u>	<u>(1,247)</u>

During the Track Record Period, the interest rates on the Group's borrowings from Swire Finance reflected the interest rates, margin and the Company's proportionate share of any fees and hedging costs/savings in respect of Swire Finance's (direct or indirect) borrowings from third parties, which were on the basis of a combination of floating and fixed rates. Other borrowings of the Group were on a floating rate basis.

Finance income

Finance income consisted mainly of interest income on short-term deposits and bank balances and on loans to jointly controlled companies (and, in 2009, the fair value gain referred to in the table below). Interest income is recognised on a time-proportion basis using the effective interest method.

The following table illustrates our finance income for the years indicated:

	Year Ended 31st December		
	2007	2008	2009
	(HK\$ in millions)		
Interest income on:			
Short-term deposits and bank balances.....	8	24	6
Loans to jointly controlled companies.....	—	34	27
Gain on the recognition of, and the movement in the fair value of the liability in respect of, put option in respect of minority interest in subsidiary company.....	—	—	107
Total finance income.....	<u>8</u>	<u>58</u>	<u>140</u>

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Share of profits less losses of jointly controlled companies and associated companies

Jointly controlled companies are those companies held for the long-term, over which the Group is in a position to exercise joint control with other venturers in accordance with contractual arrangements, and where none of the participating parties has unilateral control over the economic activity of the joint venture.

Associated companies are those companies over which the Group has significant influence, but not control or joint control, over its management, including participation in financial and operating policy decisions generally accompanying a shareholding conferring between 20% and 50% of the voting rights.

For a list of our principal associated and jointly controlled companies, please refer to Note 45 to the Accountant's Report in Appendix I to this prospectus.

The Group's share of its jointly controlled and associated companies' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves.

Taxation

Our taxation during the Track Record Period primarily comprised Hong Kong profits tax and, to a lesser extent, PRC corporate income tax and U.K. tax.

The following table illustrates our tax credit/charge for the years indicated:

	Year Ended 31st December		
	2007	2008	2009
	(HK\$ in millions)		
Current taxation:			
Hong Kong profits tax	(291)	(347)	(394)
Overseas taxation	—	(15)	(12)
Over-provision in prior years	18	4	70
	(273)	(358)	(336)
Deferred taxation:			
Change in Hong Kong profits tax rate	—	1,005	—
Changes in fair value of investment properties	(3,431)	(236)	(2,665)
Origination and reversal of temporary differences	(126)	(231)	(245)
Tax provision on impairment losses	—	—	69
	(3,557)	538	(2,841)
Tax credit/(charge)	(3,830)	180	(3,177)

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Hong Kong profits tax was calculated at 17.5%, 16.5% and 16.5% on the estimated assessable profits for the years ended 31st December 2007, 2008 and 2009, respectively. In June 2008, the Hong Kong government enacted a change in the profits tax rate from 17.5% to 16.5% commencing with the fiscal year 2008/2009. Overseas tax is calculated at tax rates applicable in the jurisdictions in which we are assessable for tax.

The tax charge on our profit before taxation differs from the theoretical amount that would arise using the Hong Kong profits tax rate applicable to us as follows:

	Year Ended 31st December		
	2007	2008	2009
	(HK\$ in millions)		
Profit before taxation	<u>23,065</u>	<u>4,275</u>	<u>18,661</u>
Calculated at a tax rate (2007: 17.5%; 2008: 16.5%; 2009: 16.5%)	(4,036)	(705)	(3,079)
Share of profits less losses of jointly controlled and associated companies	53	29	32
Over-provision for tax in prior years	18	4	70
Effect of change in Hong Kong tax rate	—	1,005	—
Effect of different tax rates in other jurisdictions	6	(118)	(164)
Income not subject to tax	37	7	55
Expenses not deductible for tax purposes	(3)	(4)	(97)
Tax losses not recognised	(9)	(12)	(26)
Utilisation of previously unrecognised tax losses	95	78	50
Recognition of previously unrecognised temporary differences	—	(82)	(51)
Others	<u>9</u>	<u>(22)</u>	<u>33</u>
Tax (charge)/credit	<u>(3,830)</u>	<u>180</u>	<u>(3,177)</u>

The share of our jointly controlled companies' tax charges was HK\$116 million, HK\$87 million and HK\$85 million for the years ended 31st December 2007, 2008 and 2009, respectively. The share of associated companies' tax charges was HK\$44 million, HK\$21 million and HK\$34 million for the years ended 31st December 2007, 2008 and 2009, respectively. Such amounts were included in share of profits less losses of jointly controlled and associated companies shown in our consolidated income statement.

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Minority interests

Minority interests represent the interests of minority equity holders in our subsidiaries. The following table sets forth the minority interests as at the end of the periods specified:

	Year Ended 31st December		
	2007	2008	2009
	(HK\$ in millions)		
At 1st January.....	292	796	1,066
Capital contribution from a minority shareholder	484	10	13
Share of profits less losses for the year	(1)	234	95
Dividends paid and payable	(7)	(7)	(2)
Recognition of put option in respect of minority interest in existing subsidiary company	—	—	(751)
Translation differences	28	33	—
At 31st December	796	1,066	421

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RESULTS OF OPERATIONS

The following table summarises our consolidated results in absolute terms and as a percentage of turnover for the years indicated:

	Year ended 31st December					
	2007		2008		2009	
	HK\$	%	HK\$	%	HK\$	%
	(in millions, except percentages)					
Turnover	5,819	100.0	7,057	100.0	8,192	100.0
Cost of sales	(1,262)	(21.7)	(1,478)	(20.9)	(2,080)	(25.4)
Gross profit	4,557	78.3	5,579	79.1	6,112	74.6
Administrative expenses.....	(498)	(8.5)	(646)	(9.2)	(707)	(8.6)
Other operating expenses	(80)	(1.4)	(101)	(1.5)	(108)	(1.3)
Other net gains	64	1.1	28	0.4	136	1.6
Change in fair value of investment properties	19,420	333.7	358	5.1	14,407	175.9
Impairment losses on hotel properties	—	—	—	—	(267)	(3.3)
Operating profit	23,463	403.2	5,218	73.9	19,573	238.9
Finance charges	(711)	(12.2)	(1,179)	(16.7)	(1,247)	(15.2)
Finance income.....	8	0.1	58	0.8	140	1.7
Share of profits less losses of jointly controlled companies	102	1.8	38	0.6	31	0.4
Share of profits less losses of associated companies	203	3.5	140	2.0	164	2.0
Profit before taxation	23,065	396.4	4,275	60.6	18,661	227.8
Taxation.....	(3,830)	(65.8)	180	2.5	(3,177)	(38.8)
Profit for the year	<u>19,235</u>	<u>330.6</u>	<u>4,455</u>	<u>63.1</u>	<u>15,484</u>	<u>189.0</u>
Attributable to:						
The Company's shareholder	19,236	330.6	4,221	59.8	15,389	187.8
Minority interests.....	(1)	0.0	234	3.3	95	1.2
	<u>19,235</u>	<u>330.6</u>	<u>4,455</u>	<u>63.1</u>	<u>15,484</u>	<u>189.0</u>
Dividends	<u>1,652</u>	<u>28.4</u>	<u>2,784</u>	<u>39.5</u>	<u>—</u>	<u>—</u>

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Additional information is provided below to reconcile reported and underlying profit attributable to the Shareholder. These reconciling items principally adjust for the impact of HKAS 40 and HKAS-Int 21 on investment properties and deferred taxation respectively. There is a further adjustment to remove the effect of the recognition of, and the movement in the fair value of the liability in respect of, a put option in favour of the owner of a minority interest in Sanlitun Village.

	Year ended 31st December		
	2007	2008	2009
	(HK\$ millions)		
Profit attributable to the Shareholder per accounts	19,236	4,221	15,389
Revaluation movement shown in income statement	(19,420)	(358)	(14,407)
Revaluation movements included in share of profits of jointly controlled companies and associated companies.....	(185)	(57)	(101)
Total revaluation movement	(19,605)	(415)	(14,508)
Deferred tax on revaluation movements ⁽¹⁾	3,539	348	2,792
Deferred tax written back on change in tax rate	—	(954)	—
Realised profit on sale of investment properties	100	—	27
Depreciation of investment properties occupied by the Group.	5	8	8
Minority interests' share of revaluation less deferred tax	—	237	88
Impairment of hotel held as part of a mixed-use development.	—	—	137
Recognition of, and movement in the fair value of the liability in respect of a put option in respect of a minority interest in Sanlitun Village ⁽²⁾	—	—	(107)
Underlying profit attributable to the Shareholder	<u>3,275</u>	<u>3,445</u>	<u>3,826</u>

Notes:

- (1) Including share of deferred tax of jointly controlled and associated companies.
- (2) The value of the put option in favour of the owner of a minority interest in Sanlitun Village is calculated principally by reference to the estimated fair value of the portions of the Sanlitun Village investment property in which our minority partner is interested. This option did not have an impact on reported profit until 2009.

2009 compared to 2008

Turnover. Turnover increased by HK\$1,135 million, or 16.1%, to HK\$8,192 million in the year ended 31st December 2009 from HK\$7,057 million in the year ended 31st December 2008. The increase in turnover was due primarily to increases in gross rental income from investment properties, including Hong Kong office and retail properties and an increase in turnover from property trading. Gross rental income from investment properties increased by HK\$605 million, or 8.9%, to HK\$7,433 million in the year ended 31st December 2009 from HK\$6,828 million in the year ended 31st December 2008 primarily due to the fact that One Island East and Village South were in operation for the full year and to generally positive rental reversions at our Hong Kong investment properties. The increase in turnover from property trading was due to sales of units at Island Lodge.

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Offices

Gross rental income from offices increased by HK\$479 million, or 13.2%, to HK\$4,106 million in the year ended 31st December 2009, due primarily to the fact that One Island East was in operation for the full year and to positive rental reversions during the year, partially offset by a small decrease in rental income resulting from the closure of Tai Sang Commercial Building for redevelopment. Demand in the Hong Kong office market weakened in the first half of 2009 but recovered noticeably in the second half.

Hong Kong Retail

Gross rental income from our retail portfolio in Hong Kong increased by HK\$73 million, or 2.7%, to HK\$2,802 million in the year ended 31st December 2009, primarily due to positive rental reversions. Retail rents came under pressure early in 2009, but rental reversions remained largely positive.

PRC Retail

Gross rental income from our retail portfolio in the PRC increased by HK\$77 million, or 42.5%, to HK\$258 million in the year ended 31st December 2009, primarily due to the fact that Village South was in operation for the full year.

Residential

Gross rental income from our residential portfolio decreased by HK\$24 million, or 8.2%, to HK\$267 million in 2009, primarily due to lower occupancy and rental rate discounts at Pacific Place Apartments in the difficult economic conditions. Demand for serviced apartments recovered strongly in the second half of 2009.

Property Trading

The sales of units at Island Lodge accounted for the HK\$504 million turnover from our property trading business in 2009. Turnover from property trading in 2008 was nil.

Hotels

The turnover of our hotels increased by HK\$16 million, or 10.3%, to HK\$172 million in the year ended 31st December 2009, primarily due to the fact that The Opposite House was in operation for the full year and to the opening of The Upper House in October 2009, partially offset by the closure of two of the U.K. hotels for refurbishment and lower rates at the other two hotels in the U.K. and a decrease in the average daily rate of The Opposite House. Hotel interests suffered from difficult market conditions in 2009. As a consequence of the global financial crisis, hotel occupancy levels and room rates experienced downward pressure, particularly in the first half of 2009. Luxury hotels in Beijing experienced pressure on occupancy levels and room rates in 2009 due to an over-supply of hotels and reduced domestic and international travel. Occupancy levels at our hotels in Bristol and Brighton, U.K. held up amid weak economic conditions.

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Cost of Sales. Our cost of sales increased by HK\$602 million, or 40.7%, to HK\$2,080 million in the year ended 31st December 2009 from HK\$1,478 million in the year ended 31st December 2008. Rental outgoings increased by 9.7% to HK\$1,363 million due primarily to the fact that One Island East and Village South were in operation for the full year. Sales of units at Island Lodge gave rise to cost of sales in respect of our property trading business in the amount of HK\$351 million. Our cost of sales in respect of hotels increased by 66% to HK\$332 million, due primarily to the pre-opening expenses incurred at The Upper House, which opened in October 2009, and at EAST, Hong Kong, which opened in January 2010, and to the fact that The Opposite House was in operation for the full year.

Administrative expenses. Our administrative expenses increased by HK\$61 million, or 9.4%, to HK\$707 million in the year ended 31st December 2009 from HK\$646 million in the year ended 31st December 2008. The increase was due primarily to higher staff costs (incurred in part to support expansion in the PRC) and higher depreciation expenses in Hong Kong and the PRC (reflecting the opening of The Upper House and the fact that One Island East and The Opposite House were in operation for the full year), partially offset by lower depreciation expenses in the U.K. (reflecting the closure of two hotels for refurbishment) and lower feasibility study and legal expenses.

Other operating expenses. Our other operating expenses increased by HK\$7 million, or 6.9%, to HK\$108 million in the year ended 31st December 2009 from HK\$101 million in the year ended 31st December 2008 due to an increase in the service fees we paid to JSSHK under the Services Agreement, reflecting the increase in our profits in 2009.

Other net gains. Our other net gains increased by HK\$108 million to HK\$136 million in the year ended 31st December 2009 from HK\$28 million in the year ended 31st December 2008. The increase was principally due to a HK\$131 million profit from the sale of properties (primarily the sale of 36A Island Road, Hong Kong) in 2009.

Change in the fair value of the investment properties. Fair value gains on our investment properties increased by HK\$14,049 million, to HK\$14,407 million in the year ended 31st December 2009 from HK\$358 million in the year ended 31st December 2008. There was a fair value gain of HK\$10,426 million on completed investment properties, which consisted of a fair value gain on Hong Kong investment properties of HK\$11,530 million (principally reflecting a reduction in capitalisation rates) and a fair value loss of HK\$1,104 million on Sanlitun Village. There was a fair value gain of HK\$3,981 million on properties under construction, which consisted of a fair value gain of HK\$3,539 million on the TaiKoo Hui development and a fair value gain of HK\$442 million on Hong Kong properties under construction. The fair value gain on the TaiKoo Hui development principally reflects a change in accounting standards which required investment properties under construction to be recorded at fair market value.

Impairment losses. Property, plant and equipment is reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Directors consider that a number of hotels in the PRC and the U.K. were impaired at 31st December 2009 as a result of the condition of the hotel property market in these locations at that time. The carrying amount of these hotels has been written down by HK\$267 million to their recoverable amount, which is the fair value less costs to sell.

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Finance Charges. Our finance charges increased by HK\$68 million, or 5.8%, to HK\$1,247 million in the year ended 31st December 2009 from HK\$1,179 million in the year ended 31st December 2008. The increase principally reflected a reduction of capitalised interest, offset in part by a reduction in interest rates on our borrowings from Swire Finance. This reduction of capitalised interest reflected the fact that interest was charged (as opposed to capitalised) on the financing for One Island East, Village South and The Opposite House for the full year and that interest was charged (as opposed to capitalised) on the financing for The Upper House following its completion during the year.

Finance Income. Our finance income increased by HK\$82 million to HK\$140 million in the year ended 31st December 2009 from HK\$58 million in the year ended 31st December 2008. The increase principally reflected a gain of HK\$107 million from the recognition of, and the movement in the fair value of the liability in respect of, a put option in favour of the owner of a minority interest in Sanlitun Village, which was partially offset by reduced interest earnings on short term deposits and bank balances. The recognition of the put option (which was accompanied by the derecognition of the minority interest itself) reflected a change in the treatment of the contractual arrangements with the owner of the minority interest.

Share of profits less losses of jointly controlled companies. Our share of profits less losses of our jointly controlled companies decreased by HK\$7 million, or 18.4%, to HK\$31 million, in the year ended 31st December 2009 from HK\$38 million in the year ended 31st December 2008. Fair value losses on our interest in the INDIGO development in the PRC were partially offset by higher rental income from and fair value gains on our interests in the Citygate and 625 King's Road properties in Hong Kong and fair value gains on the Dazhongli development in the PRC.

Share of profits less losses of associated companies. Our share of profits less losses of our associated companies increased by HK\$24 million, or 17.1%, to HK\$164 million in the year ended 31st December 2009 from HK\$140 million in the year ended 31st December 2008. Lower profits from the three Pacific Place Hotels were offset by higher fair value gains on and higher operating profits from our interest in the PCCW Tower property.

Taxation. Our tax expenses were HK\$3,177 million in the year ended 31st December 2009 compared with a tax credit of HK\$180 million in the year ended 31st December 2008. This is largely due to an increase of HK\$2,429 million in deferred tax in respect of the change in fair value of investment properties in 2009 and the fact that the one-off tax credit of HK\$1,005 million enjoyed in 2008 due to the change in the Hong Kong profits tax rate from 17.5% to 16.5% was not repeated in 2009.

Minority Interest. Our profit attributable to minority interests was HK\$95 million for the year ended 31st December 2009 as compared to a profit attributable to minority interests of HK\$234 million for the year ended 31st December 2008. The reduction principally reflects the derecognition of a minority interest in Sanlitun Village (which — see the paragraph headed “Finance Income” above — accompanied the recognition of a put option in favour of the owner of the minority interest).

Profit attributable to the Company's Shareholder. As a result of the foregoing, our profit attributable to the Company's shareholder increased by HK\$11,168 million to HK\$15,389 million for the year ended 31st December 2009.

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2008 compared to 2007

Turnover. Turnover increased by HK\$1,238 million, or 21.3%, to HK\$7,057 million in the year ended 31st December 2008 from HK\$5,819 million in the year ended 31st December 2007. The increase in turnover was primarily due to an increase in gross rental income from investment properties including Hong Kong office and retail properties in 2008.

Gross rental income from investment properties increased by HK\$1,250 million, or 22.4%, to HK\$6,828 million in the year ended 31st December 2008 from HK\$5,578 million in the year ended 31st December 2007, primarily due to positive rental reversions, higher occupancy in 2008 and the opening of One Island East in April 2008, and to a lesser extent, the opening of Village South in 2008.

Offices

Gross rental income from offices increased by HK\$926 million, or 34.3%, to HK\$3,627 million in the year ended 31st December 2008, primarily due to the opening of One Island East and positive rental reversions during the year.

Hong Kong Retail

Gross rental income from our retail portfolio in Hong Kong increased by HK\$113 million, or 4.3%, to HK\$2,729 million in the year ended 31st December 2008, primarily due to positive rental reversions during the year.

PRC Retail

Gross rental income from our retail portfolio in the PRC was HK\$181 million in the year ended 31st December 2008. Gross rental income from our retail portfolio in the PRC comprised rental income derived from our two retail properties in the PRC, Village South and, to a lesser extent, the Beaumonde Retail Podium, which opened in July 2008 and November 2008, respectively. We did not recognise any rental income in 2007 because our retail properties in the PRC had not yet opened.

Residential

Gross rental income from our completed residential portfolio increased by HK\$30 million, or 11.5%, to HK\$291 million in 2008, primarily due to an increase in rental rates at Pacific Place Apartments in 2008, partly offset by a decrease in the average occupancy rate at Pacific Place Apartments.

Hotels

Turnover of our hotels increased by HK\$8 million, or 5.4%, to HK\$156 million in the year ended 31st December 2008, primarily due to the opening of The Opposite House in August 2008, which added 99 hotel rooms to our hotel portfolio.

Cost of Sales. Our cost of sales increased by HK\$216 million, or 17.1%, to HK\$1,478 million in the year ended 31st December 2008, primarily due to higher staff costs and electricity charges associated with the opening of One Island East and The Opposite House as well as the writing off of operating supplies and equipment for The Opposite House. Rental outgoings as a percentage of gross rental income decreased from 19.6% in 2007 to 18.2% in 2008.

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Administrative expenses. Our administrative expenses increased by HK\$148 million, or 29.7%, to HK\$646 million in the year ended 31st December 2008 from HK\$498 million in the year ended 31st December 2007, primarily due to the increase in average salaries and our total number of employees, the increase in the amount of rented office space associated with the expansion of our business in the PRC, higher property tax in the PRC and higher rates in Hong Kong.

Other operating expenses. Our other operating expenses increased by HK\$21 million, or 26.3%, to HK\$101 million in the year ended 31st December 2008 from HK\$80 million in the year ended 31st December 2007 due to an increase in service fees we paid to JSSHK under the Services Agreement reflecting the increase in our profits (as defined in the Services Agreement) in 2008.

Other net gains. Our other net gains decreased by HK\$36 million, or 56.3%, to HK\$28 million in the year ended 31st December 2008 from HK\$64 million in the year ended 31st December 2007. In 2007, the Group made a gain of approximately HK\$90 million from the sale of Fairwinds, a residential investment property in Hong Kong partially offset by net foreign exchange losses from the appreciation of the Renminbi against the HK dollar. In 2008, the Group made a gain of approximately HK\$40 million from the sale of its 12.5% interest in 2A-2E Seymour Road and its 20% interest in Sai Wan Terrace. In both 2007 and 2008, the gains were partially offset by a foreign exchange loss arising from the appreciation of the Renminbi which reduced the value of our HK dollar and US dollar deposits in PRC banks.

Change in the fair value of the investment properties. The fair value gain on our investment properties was HK\$358 million in 2008. The fair value gains on our investment properties was HK\$19,420 million in 2007. Fair value gains in 2008 reflected a gain of HK\$1,568 million on valuation of Village South upon its classification as investment properties following the commencement of its operations and a gain of HK\$27 million on the valuation of Beaumonde, mostly offset by a fair value loss of HK\$1,237 million on our Hong Kong properties primarily due to the global financial crisis in the second half of 2008. Fair value gains in 2007 reflected higher properties values primarily as a result of relatively strong economic growth during the year.

Finance Charges. Our finance charges increased by HK\$468 million, or 65.8%, to HK\$1,179 million in the year ended 31st December 2008 from HK\$711 million in the year ended 31st December 2007. The increase was due to the borrowings from Swire Finance for INDIGO, Dazhongli and Village South, as well as increases in bank borrowings and in interest rates on Renminbi denominated loans.

Finance Income. Our finance income increased by HK\$50 million to HK\$58 million in the year ended 31st December 2008 from HK\$8 million in the year ended 31st December 2007. The increase was primarily due to an interest-bearing shareholder loan to INDIGO.

Share of profits less losses of jointly controlled companies. Our share of profits less losses of our jointly controlled companies decreased by HK\$64 million, or 62.7%, to HK\$38 million in the year ended 31st December 2008 from HK\$102 million in the year ended 31st December 2007. The decrease was primarily due to losses on revaluation of 625 King's Road and Citygate, which were owned by our jointly controlled companies.

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Share of profits less losses of associated companies. Our share of profits less losses of our associated companies decreased by HK\$63 million, or 31.0%, to HK\$140 million in the year ended 31st December 2008 from HK\$203 million in the year ended 31st December 2007. The decrease was primarily due to losses on revaluation of PCCW Tower, which was owned by our associated company.

Taxation. Our tax expenses decreased by HK\$4,010 million from a net tax charge of HK\$3,830 million for the year ended 31st December 2007 to a net tax credit of HK\$180 million for the year ended 31st December 2008. The decrease was primarily due to a significant decrease in gains from revaluation of investment properties and a reduction in the Hong Kong profits tax rate from 17.5% in 2007 to 16.5% in 2008.

Minority Interests. Our profit attributable to minority interests was HK\$234 million for the year ended 31st December 2008 as compared to a loss attributable to minority interests of HK\$1 million for the year ended 31st December 2007. This was primarily due to the gain on revaluation of Village South in 2008 as a result of its classification as investment properties following the commencement of its operations.

Profit attributable to the Company's shareholder. As a result of the foregoing, our profit attributable to the Company's shareholder decreased by HK\$15,015 million to HK\$4,221 million for the year ended 31st December 2008.

CERTAIN FINANCIAL POSITION ITEMS

Investment properties. Our investment properties consist of completed investment properties and land and buildings that are being held for future use as investment properties and investment properties that are being redeveloped for continuing use as investment properties. Our investment properties were valued at HK\$127,497 million, HK\$134,069 million and HK\$154,098 million (before associated deferred tax) as at 31st December 2007, 2008 and 2009, respectively. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes. The following table breaks down the value of our investment properties by project as at the date of each year indicated below.

	2007	2008	2009
	(HK\$ in millions)		
Hong Kong			
Completed investment properties			
Office			
One, Two and Three Pacific Place	33,399	33,547	38,002
One Island East	—	9,671	10,610
TaiKoo Place Office Towers	16,641	15,217	16,419
Techno-centres	5,372	5,236	5,681
Cityplaza One, Three and Four	10,322	9,440	10,205
Festival Walk Tower	1,321	1,286	1,453
24-34 Hennessy Road (formerly called Tai Sang Commercial Building)	1,360	1,248	—

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	2007	2008	2009
	(HK\$ in millions)		
Retail			
The Mall at Pacific Place	18,706	19,294	20,474
Festival Walk (retail)	13,265	13,535	14,395
Cityplaza (retail)	7,263	7,282	7,987
Island Place	729	710	719
Commercial areas in Taikoo Shing	2,398	2,468	2,520
StarCrest (retail area and car parks)	136	135	145
23, 25, 27 and 29 Wing Fung Street, Wanchai	85	88	106
Residential			
Pacific Place Apartments	5,060	5,190	6,240
Rocky Bank, 6 Deep Water Bay Road	373	348	454
36 Island Road, Deep Water Bay	226	203	120
6-16 Peel Rise, The Peak	506	482	592
Other properties	293	299	368
<i>Investment properties under development</i>			
One Island East	8,140	—	—
Tai Sang Commercial Building	—	—	1,230
Major portion of Sincere Insurance Building	377	355	505
5 Star Street	83	84	123
TYTL 48, Tsing Yi	—	—	169
Amalgamation Properties	2,334	3,673	2,812
Other properties	886	871	989
Less: owner occupied properties	(1,810)	(2,021)	(2,131)
Total Hong Kong investment properties	127,465	128,641	140,187
PRC			
<i>Completed investment properties</i>			
Residential			
Beaumonde (residential)	—	—	8
Commercial			
Village South - Retail	—	5,056	4,410
Village North - Retail	—	—	2,687
Beaumonde Retail Podium	—	394	425

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	2007	2008	2009
	(HK\$ in millions)		
<i>Investment properties under development</i>			
TaiKoo Hui.....	—	—	6,406
Less: owner occupied properties	—	(107)	(108)
Total PRC investment properties	—	5,343	13,828
Add: initial leasing costs	32	85	83
Total investment properties	127,497	134,069	154,098

Our completed investment properties were valued at HK\$115,705 million, HK\$129,131 million and HK\$141,915 million as at 31st December 2007, 2008 and 2009, respectively. The increase from 2007 to 2008 was primarily due to our increased holding of completed investment properties following the completion of One Island East and its transfer from investment properties under construction to completed investment properties and the transfer of Village South from property, plant and equipment to completed investment properties on completion in 2008, partially offset by a decrease in the value of the rest of our completed investment portfolio during the global financial crisis in the second half of 2008, which affected general economic conditions and property valuations in Hong Kong. In 2009, there was a fair value gain of HK\$11,530 million on completed investment properties in Hong Kong, due largely to a reduction in capitalisation rates, the effect of which was partially offset by a fair value loss of HK\$1,104 million on Sanlitun Village. A net HK\$1,869 million was transferred from investment properties under construction to completed investment properties. Village North was transferred from investment properties under construction to completed investment properties upon its completion. Tai Sang Commercial Building was transferred from completed investment properties to investment properties under construction upon its closure for redevelopment. Capital expenditures of HK\$582 million were incurred on completed investment properties in 2009, primarily on the Pacific Place contemporisation project and on the Beaumonde development in Guangzhou.

As at 31st December 2007 and 2008, we had investment properties under construction of HK\$11,792 million and HK\$4,938 million, respectively. The decrease in 2008 was primarily due to the completion of One Island East and its transfer to completed investment properties. At 31st December 2009, investment properties under construction were HK\$12,183 million. In 2009, a fair value gain of HK\$3,981 million was recorded (HK\$3,539 million on the TaiKoo Hui development and HK\$442 million on properties in Hong Kong). Due to a change in accounting standards (which required land and buildings being developed for future use as investment properties to be classified as investment properties under construction and accounted for at fair value), the TaiKoo Hui and the Village North developments were transferred from property, plant and equipment to investment properties under construction at the beginning of 2009. Village North was subsequently transferred from investment properties under construction to completed investment properties. Tai Sang Commercial Building was transferred from completed investment properties to investment properties under construction. Capital expenditures of HK\$2,176 million were incurred on investment properties under construction, largely on the TaiKoo Hui development and on properties in Hong Kong (including Tai Sang Commercial Building). Certain trading properties, including 25AB & 27-29A Seymour Road and 51-53 Seymour Road, were transferred from investment properties under construction to properties under development and for sale in 2009.

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Property, plant and equipment. As of 31st December 2007, 2008 and 2009, we had property, plant and equipment of HK\$7,729 million, HK\$6,857 million and HK\$3,742 million, respectively. The decrease from 2007 to 2008 was primarily due to the transfer of some of our PRC projects (primarily Village South) from property, plant and equipment to investment properties upon completion in 2008. The decrease in 2009 was due primarily to the transfer of the Village North and the TaiKoo Hui development from property, plant and equipment to investment properties at the beginning of the year. This was partially offset by HK\$1,111 million additional capital expenditures, including on The Upper House and EAST, Hong Kong and on the hotel element of the TaiKoo Hui development.

Leasehold land and land use rights. Leasehold land and land use rights consist of our cost of acquiring rights to use and occupy the land for the purpose of developing commercial properties, less amounts transferred to administrative expenses, properties under development or assets under construction and the cost transferred to cost of sales. We had aggregate leasehold land and land use rights of HK\$1,958 million, HK\$2,193 million and HK\$1,756 million as at 31st December 2007, 2008 and 2009, respectively. The increase in 2008 was due primarily to the expansion of owner-occupied space at One Island East and Cornwall House in that year. The decrease in 2009 was due primarily to the HK\$449 million transfer of the non-hotel portion of the TaiKoo Hui development to investment properties.

Associated companies. Our investments in associated companies are accounted for by the equity method of accounting. Our investments in associated companies were HK\$913 million, HK\$820 million and HK\$954 million as at 31st December 2007, 2008 and 2009, respectively. The decrease in 2008 was due primarily to the repayment of part of the shareholder loans owed by one of our associated companies to us. The increase in 2009 primarily reflected operating profits from the three Pacific Place Hotels and operating profits from and fair value gains on the PCCW Tower property.

Jointly controlled companies. Our investments in jointly controlled companies are accounted for by the equity method of accounting. Our investments in jointly controlled companies were HK\$3,878 million, HK\$6,679 million and HK\$6,944 million as at 31st December 2007, 2008 and 2009, respectively. The increase in 2008 was due primarily to our advancing shareholder loans to jointly controlled companies for the purposes of the Dazhongli and INDIGO developments. In 2009, the increase was due to our share of operating profits from and fair value gains on the Citygate and 625 King's Road properties in Hong Kong, investments in the INDIGO development and a fair value gain on the Dazhongli development, partially offset by a fair value loss on the INDIGO development.

Properties under development and for sale. Properties under development and for sale comprise leasehold land, construction costs and interest costs capitalised, less provision for possible losses. As at 31st December 2007, 2008 and 2009, our properties under development and for sale amounted to approximately HK\$1,425 million, HK\$1,719 million and HK\$2,948 million respectively. The increase in 2008 was due primarily to expenditures on Island Lodge in Hong Kong. The increase in 2009 was due primarily to the transfer of 25AB & 27-29A Seymour Road and 51-53 Seymour Road from investment properties to properties under development and for sale upon our change of intention for the use of those properties.

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Trade and other receivables. We had trade and other receivables of HK\$633 million, HK\$953 million and HK\$1,233 million respectively as at 31st December 2007, 2008 and 2009. Our trade receivables mainly arose from rental income derived from the investment properties we leased. Other receivables from related parties and third parties primarily represented rent free adjustments. The increase in trade and other receivables in 2008 was attributable to the higher rent free adjustments due to the opening of One Island East and Village South in 2008 and an active leasing market in Hong Kong in the first half of 2008. In 2009, the increase in trade debtors was due to the fact that One Island East and Village South were open for the full year. The increase in other receivables reflects amounts due from the owner in respect of development fees payable from proceeds of sales of units at Island Lodge.

Trade and other payables. We had trade and other payables of HK\$3,941 million, HK\$3,960 million and HK\$5,071 million, respectively, as at 31st December 2007, 2008 and 2009. Our trade and other payables primarily comprise rental deposits from tenants, other payables (which primarily comprise provisions for outstanding construction costs and for retentions upon completion of works), amounts due to our intermediate holding company, JSSHK, amounts due to our immediate holding company, Swire Pacific, and trade creditors, as well as interest-bearing advances from an associated company, Greenroll Limited (the joint venture company in respect of the Conrad Hong Kong), in which we have a 20% interest. With effect from 1st January 2009 trade and other payables included our liability arising on the recognition of the liability in respect of a put option in favour of the owner of a minority interest in Sanlitun Village (see further the sub-section headed “Results of Operations — Finance Income” above). The recognition of, and the movement in the value of the liability in respect of, the put option accounted for HK\$690 million of the increase in trade and other payables in 2009.

The increase in rental deposits from tenants from HK\$1,376 million as at 31st December 2007 to HK\$1,544 million as at 31st December 2008 was due primarily to the opening of One Island East in 2008. The increase in rental deposits from tenants from HK\$1,544 million as at 31st December 2008 to HK\$1,620 million as at 31st December 2009 was due primarily to positive rental reversions on new leases. The decrease in other payables from HK\$2,040 million as at 31st December 2007 to HK\$1,379 million as at 31st December 2008 was due primarily to the recognition of a liability for the purchase price related to the acquisition of Tai Sang Commercial Building in 2007, the payment of which was made in 2008. The increase in other payables from HK\$1,379 million as at 31st December 2008 to HK\$1,831 million as at 31st December 2009 principally reflected the outstanding payments to contractors upon completion of The Upper House and EAST, Hong Kong.

The amount due to our intermediate holding company, JSSHK, was HK\$50 million, HK\$101 million and HK\$66 million, respectively, as at 31st December 2007, 2008 and 2009 and was the amount due under the Services Agreement.

The amount due as a management fee to our immediate holding company, Swire Pacific, as consideration for treasury and other finance related services provided by Swire Pacific to us was HK\$97 million, HK\$101 million and HK\$103 million, respectively, as at 31st December 2007, 2008 and 2009. Such management fee ceased to be payable from 1st January 2010. Our trade creditors amounted to HK\$227 million, HK\$492 million and HK\$401 million, respectively, as at 31st December 2007, 2008 and 2009.

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The analysis of the age of trade creditors at year-end was as follows:

	As of 31st December		
	2007	2008	2009
	(HK\$ in millions)		
Under three months.....	227	491	401
Between three and six months.....	—	1	—
	227	492	401

The significant increase of trade creditors from HK\$227 million in 2007 to HK\$492 million in 2008 was due to an increase in rental outgoings relating to the openings of One Island East and Village South and an increase in payments made to contractors in connection with our PRC and Hong Kong projects in that year. The fall in trade creditors in 2009 is primarily due to outstanding payments to contractors on The Upper House and EAST being reclassified as other payables upon completion of these developments.

Bank overdrafts and short-term loans. Bank overdrafts and short term loans were HK\$2,814 million, HK\$889 million and HK\$949 million respectively as at 31st December 2007, 2008 and 2009. The decrease in bank overdrafts and short-term loans in 2008 was attributable to the fact that our bank overdrafts and some of our short-term loans were converted into long-term loans to fund the Group's expansion in the PRC during 2008.

Amount due to a fellow subsidiary company. The amount due to Swire Finance was HK\$24,522 million, HK\$30,410 million and HK\$31,304 million respectively, as at 31st December 2007, 2008 and 2009. The amount due to Swire Finance was unsecured, had no fixed terms of repayment and bore interest at 4.3%, 4.9% and 3.7% per annum as at 31st December 2007, 2008 and 2009 respectively. The increase in 2008 and 2009 reflected primarily additional funding required for the Group's expansion in the PRC in those years.

Amount due to immediate holding company. The amount due to the Company's immediate holding company, Swire Pacific, was HK\$3,763 million and HK\$3,864 million, respectively, as at 31st December 2007 and 2008. The amount due to Swire Pacific was unsecured and interest free and had no fixed terms of repayment. The carrying amount of the balance approximates its fair value. The amount due to Swire Pacific was capitalised by an issue of Shares at par on 31st December 2009.

Deferred tax liabilities. We had deferred tax liabilities which were to be settled after more than 12 months of HK\$17,581million, HK\$17,057 million and HK\$19,975 million as at 31st December 2007, 2008 and 2009, respectively. Our deferred tax liabilities did not change materially in 2008. This was due primarily due to the revaluation gain on our investment properties being relatively small and offset by a change in the Hong Kong profits tax rate from 17.5% in 2007 to 16.5% in 2008. Our deferred tax assets increased from HK\$23 million as at 31st December 2007 to HK\$39 million as at 31st December 2008. The increase was primarily due to losses recorded by our PRC subsidiaries arising from the pre-opening expenses at Village South and The Opposite House. Our deferred tax liabilities increased by HK\$2,918 million in 2009, primarily as a result of fair value gains on our investment properties.

Long-term loans. Our long-term loans comprise unsecured bank loans which are repayable in between two and five years. The long-term loans are denominated primarily in Renminbi and the carrying amounts approximate their fair value. We did not have any long-term loans as at 31st

FINANCIAL INFORMATION

December 2007, and had long-term loans of HK\$2,748 million and HK\$3,198 million as at 31st December 2008 and 2009, respectively. The increase in 2008 was primarily due to our bank overdrafts and some of our short-term loans being converted into long-term loans to fund our development of Sanlitun Village in 2008. The increase in 2009 was primarily due to drawdown of bank loans to fund the TaiKoo Hui development. The interest rate was 8.3% for an RMB loan at 31st December 2008, and 1.4% for a GBP loan and 4.86% to 5.94% for RMB loans at 31st December 2009. The fall in interest rates in 2009 reflected the general reduction in interest rates in the PRC.

Minority interests. Our minority interests increased from HK\$796 million as at 31st December 2007 to HK\$1,066 million as at 31st December 2008. The increase was due primarily to the fair value gain on Village South in 2008. Our minority interests decreased from HK\$1,066 million as at 31st December 2008 to HK\$421 million as at 31st December 2009. The reduction principally reflects the derecognition of a minority interest in Sanlitun Village (which — see the sub-section headed “Results of Operations — Finance Income” above — accompanied the recognition of the liability in respect of a put option in favour of the owner of the minority interest).

LIQUIDITY AND CAPITAL RESOURCES

For the three years ended 31st December 2009, the principal sources of funding for our investments and operations were financing from Swire Pacific and Swire Finance, bank loans and cash from our operating activities.

The following table sets out certain cash flow data of the Group for the three years ended 31st December 2009:

	Year ended 31st December		
	2007	2008	2009
	(HK\$ in millions)		
Net cash from operating activities.....	2,830	3,150	3,619
Net cash used in investing activities.....	(10,706)	(7,686)	(3,416)
Net cash generated from/(used in) financing activities	9,522	3,789	(398)
Increase/(decrease) in cash and cash equivalents.....	1,646	(747)	(195)
Cash and cash equivalents.....	1,903	1,159	965

Cash from operating activities

Our cash from operating activities consists primarily of cash generated from operations, interest received and dividends received from associated companies, offset by interest paid and tax on profits paid. Net cash from operating activities was HK\$2,830 million, HK\$3,150 million and HK\$3,619 million for the three years ended 31st December 2007, 2008 and 2009, respectively. The increase in net cash from operating activities from 2007 to 2008 primarily reflects the opening of One Island East in April 2008 and a strong rental market in Hong Kong with positive rental reversions in the first half of 2008. For the year ended 31st December 2009, net cash from operating activities was HK\$3,619 million. The increase in net cash from operating activities from 2008 to 2009 was due largely to higher turnover (reflecting higher rental income and sales of units at Island Lodge) and lower net finance charges, partially offset by higher tax on profits and lower dividends received from associated companies.

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Cash used in investing activities

Our principal investment activities comprise additions to investment properties, loans to jointly controlled companies and purchase of property, plant and equipment. For the three years ended 31st December 2009, the Group experienced net cash outflows as a result of its investing activities. For the year ended 31st December 2007, net cash used in investing activities was HK\$10,706 million, principally comprising additions to property, plant and equipment of HK\$6,203 million (HK\$5,300 million of which was attributable to Sanlitun Village, with the remainder applied in the acquisition of Avon Gorge Hotel, Bristol in the U.K. and further investment in the TaiKoo Hui and the Beaumonde developments in Guangzhou), additions to investment properties in Hong Kong (including One Island East) of HK\$4,059 million and loans to jointly controlled companies (primarily for the purposes of the Dazhongli development) of HK\$808 million, partly offset by the proceeds of disposals of investment properties amounting to HK\$283 million. For the year ended 31st December 2008, net cash used in investing activities was HK\$7,686 million, principally comprising additions to investment properties of HK\$3,600 million (reflecting primarily the acquisition cost of Tai Sang Commercial Building, expenditures on Hong Kong investment properties including One Island East and the Pacific Place contemporisation project), loans to jointly controlled companies of HK\$2,609 million (for the purposes of the INDIGO and Dazhongli developments) and additions to property, plant and equipment of HK\$1,763 million (representing expenditures on Hong Kong hotels and uncompleted PRC projects), partly offset by the proceeds from disposals of interests in subsidiary companies of HK\$232 million (in relation to the Seymour Road and Sai Wan Terrace properties). For the year ended 31st December 2009, net cash used in investing activities was HK\$3,416 million. Purchases of HK\$939 million on property, plant and equipment were largely attributable to EAST, Hong Kong, The Upper House and the hotel element of the TaiKoo Hui development. Capital expenditures on investment properties of HK\$2,389 million were spent largely on the TaiKoo Hui development, the Pacific Place contemporisation project, improvement works at Sanlitun Village and on settling outstanding payments at One Island East and other Hong Kong properties. Further equity was invested in the INDIGO development and part of the outstanding shareholder loan in respect of the Citygate property was repaid.

Net cash generated from or used in financing activities

Our net cash generated from financing activities principally reflects the proceeds of borrowings from Swire Finance and banks, partly offset by repayment of bank loans and dividends to Swire Pacific. For the year ended 31st December 2007, net cash generated from financing activities was HK\$9,522 million, primarily comprising the proceeds of borrowings from Swire Pacific, Swire Finance and banks, partly offset by repayment of bank loans and dividends to Swire Pacific. For the year ended 31st December 2008, net cash generated from financing activities was HK\$3,789 million, primarily comprising the proceeds of borrowings from Swire Finance and banks, partly offset by repayment of loans from banks and dividends to Swire Pacific. For the year ended 31st December 2009, net cash used in financing activities was HK\$398 million, primarily comprising the payment of HK\$1,752 million in dividends to Swire Pacific, partly offset by a significantly smaller drawdown (HK\$894 million) of borrowings from Swire Finance and a net drawdown of HK\$510 million of borrowings from banks to fund the Taikoo Hui and Sanlitun Village projects.

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INDEBTEDNESS, CONTINGENT LIABILITIES AND NET CURRENT LIABILITIES

Borrowings

Our borrowings are principally denominated in Hong Kong dollars, Renminbi and U.S. dollars. As at 31st December 2007, 2008 and 2009 and 31st March 2010, we had the following outstanding borrowings, respectively.

	As at 31st December			As at 31st March
	2007	2008	2009	2010
	(HK\$ in millions)			
Borrowings included in non-current liabilities:				
Bank borrowings — unsecured	—	2,748	3,198	774
Borrowings from related parties — unsecured	—	—	—	32,034
Borrowings included in current liabilities:				
Bank borrowings — unsecured	2,814	889	949	3,765
Borrowings from related parties — unsecured	28,285	34,274	31,304	—
Total borrowings	31,099	37,911	35,451	36,573
Less: cash and cash equivalents	1,932	1,159	965	1,156
Net borrowings	<u>29,167</u>	<u>36,752</u>	<u>34,486</u>	<u>35,417</u>

An analysis of the outstanding borrowings by currency (after cross currency swaps) is shown below (on the basis that the Inter-group Loan Agreements were in place prior to the execution of the Inter-group Loan Agreements on 31st March 2010).

Currency	As at 31st December						As at 31st March	
	2007		2008		2009		2010	
	(HK\$ in millions)							
Hong Kong dollar ⁽¹⁾	25,945	83%	33,499	88%	30,528	86%	31,258	86%
U.S. dollar	2,340	8%	775	2%	776	2%	859	2%
Renminbi	2,814	9%	3,615	10%	4,085	12%	4,397	12%
Others	—	—	22	—	62	—	59	—
Total	<u>31,099</u>	<u>100%</u>	<u>37,911</u>	<u>100%</u>	<u>35,451</u>	<u>100%</u>	<u>36,573</u>	<u>100%</u>

Note:

- (1) The Hong Kong dollar denominated borrowings included amounts due to the immediate holding company of the Company of HK\$3,763 million and HK\$3,864 million as at 31st December 2007 and 2008, respectively. The corresponding balance as at 31st December 2009 was capitalised on the same date.

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The following table breaks down those sources of funds into those which are on a fixed rate basis and those which are on a floating rate basis (on the basis that the Inter-group Loan Agreements were in place prior to the execution of the Inter-group Loan Agreements on 31st March 2010):

	As at 31st December						As at 31st March	
	2007		2008		2009		2010	
	(HK\$ in millions)							
Fixed	14,620	53%	19,745	58%	23,230	66%	23,246	64%
Floating	12,716	47%	14,302	42%	12,221	34%	13,327	36%
Sub-total	<u>27,336</u>	<u>100%</u>	<u>34,047</u>	<u>100%</u>	<u>35,451</u>	<u>100%</u>	<u>36,573</u>	<u>100%</u>
Interest-free	3,763		3,864		—		—	
Total	<u>31,099</u>		<u>37,911</u>		<u>35,451</u>		<u>36,573</u>	

Our outstanding borrowings from Swire Pacific and Swire Finance amounted to HK\$28,285 million, HK\$34,274 million and HK\$31,304 million as at 31st December 2007, 2008 and 2009 respectively. All of our outstanding borrowings from Swire Pacific were capitalised on 31st December 2009. Our outstanding borrowings from Swire Finance amounted to HK\$32,034 million as at 31st March 2010. For additional information on our borrowings from Swire Pacific and Swire Finance, see the sub-section headed “Factors Affecting Results of Operations — Access to and Cost of Funding” above. As at 31st March 2010, our committed loan facilities amounted to HK\$42,066 million, of which HK\$6,325 million (or 15%) remained undrawn. In addition, as at 31st March 2010, our uncommitted loan facilities amounted to HK\$1,762 million, of which HK\$930 million (or 53%) remained undrawn.

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Our sources of funds as at 31st March 2010 comprised the following.

As at 31st March 2010					
	Available Facilities	Utilised Facilities	Undrawn Facilities	Undrawn Facilities expiring within 1 year	Undrawn Facilities expiring beyond 1 year
(HK\$ in millions)					
Our borrowings from third parties					
Bank overdrafts and short-term loans	2,990	2,933	57	57	—
Long-term loans	<u>2,630</u>	<u>774</u>	<u>1,856</u>	<u>—</u>	<u>1,856</u>
	<u>5,620</u>	<u>3,707</u>	<u>1,913</u>	<u>57</u>	<u>1,856</u>
Our borrowings from Swire Finance					
Revolving credit loan	9,500	5,088	4,412	—	4,412
Term loan	7,900	7,900	—	—	—
Medium-term notes	16,717	16,717	—	—	—
Perpetual capital securities	<u>2,329</u>	<u>2,329</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>36,446</u>	<u>32,034</u>	<u>4,412</u>	<u>—</u>	<u>4,412</u>
Total committed facilities	<u><u>42,066</u></u>	<u><u>35,741</u></u>	<u><u>6,325</u></u>	<u><u>57</u></u>	<u><u>6,268</u></u>
Total uncommitted facilities	<u><u>1,762</u></u>	<u><u>832</u></u>	<u><u>930</u></u>	<u><u>930</u></u>	<u><u>—</u></u>
Total loan facilities	<u><u>43,828</u></u>	<u><u>36,573</u></u>	<u><u>7,255</u></u>	<u><u>987</u></u>	<u><u>6,268</u></u>

Our outstanding bank borrowings amounted to HK\$2,814 million, HK\$3,637 million, HK\$4,147 million and HK\$4,539 million, as at 31st December 2007, 2008, 2009 and 31st March 2010 respectively. The increase in our borrowings in 2008 was primarily due to debt financing for Sanlitun Village. The increase in our bank borrowings in 2009 was primarily due to the drawdown of loans to fund the TaiKoo Hui development.

Save for the Mandarin Loan (which is guaranteed by Swire Pacific), our outstanding borrowings as at 31st March 2010 were not guaranteed by any person other than members of the Group.

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The table below sets forth the maturity profile of our non-current borrowings as at the dates indicated:

	As at 31st December			As at 31st March
	2007	2008	2009	2010
	(HK\$ in millions)			
Bank borrowing:				
1-2 years	—	—	—	83
2-5 years	—	2,748	3,198	691
Over 5 years	—	—	—	—
Borrowings from related parties:				
1-2 years	—	—	—	4,788
2-5 years	—	—	—	11,200
Over 5 years	—	—	—	16,046
Total non-current borrowings	<u>—</u>	<u>2,748</u>	<u>3,198</u>	<u>32,808</u>

The table below sets forth the maturity profile of our borrowings from third parties and those of Swire Finance from third parties underlying the Inter-group Funding as at 31st March 2010.

	Maturity Profile						
	Total	2010	2011	2012	2013	2014	2015 onwards
	(HK\$ in millions)						
Our borrowings from third parties							
Bank overdrafts, short-term and long-term loans	4,539	806	3,042	—	59	632	—
Swire Finance's borrowings from third parties underlying the Inter-group Funding							
Revolver credit loan and term loans	12,988	—	4,088	7,400	500	1,000	—
Medium term notes	16,717	—	700	—	2,300	—	13,717
Perpetual capital securities	<u>2,329</u>	—	—	—	—	—	<u>2,329</u>
Total	<u>36,573</u>	<u>806</u>	<u>7,830</u>	<u>7,400</u>	<u>2,859</u>	<u>1,632</u>	<u>16,046</u>
Net current liabilities							

Our net current liabilities were HK\$31,231 million, HK\$35,555 million and HK\$32,123 million, respectively, as at 31st December 2007, 2008 and 2009. We had net current liabilities during these periods mainly due to borrowings from Swire Pacific and Swire Finance being repayable within one year. Our net current liabilities were HK\$908 million as at 31st March 2010. Part of our current liabilities to Swire Finance in respect of our borrowings from it were reclassified as long-terms loans because, as a result of the entry into of the Inter-group Loan Agreements, that part of our current liabilities became repayable after more than one year.

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Contingent liabilities

We had contingent liabilities of HK\$91 million, HK\$92 million, HK\$98 million and HK\$98 million, respectively, in respect of bank guarantees given in lieu of utility deposits as at 31st December 2007, 2008 and 2009 and 31st March 2010. We also had contingent liabilities of HK\$2 million, HK\$1 million, less than HK\$1 million and less than HK\$1 million, respectively, under our guarantees given in respect of bank mortgage loans to our staff as at 31st December 2007, 2008 and 2009 and 31st March 2010.

In addition, certain wholly-owned subsidiaries of the Company have been unable to finalise their liability to profits tax in respect of the years 1997/98 to 2003/04 inclusive as a consequence of queries raised by the Hong Kong Inland Revenue Department (“**IRD**”). These queries relate to the deductibility, in the assessment of profits tax, of interest on borrowings of those subsidiaries during the periods under review. A number of discussions have taken place between those subsidiaries and the IRD to understand the precise nature of the IRD queries. However, at this stage there is insufficient information available to determine reliably the ultimate outcome of the IRD’s review with an acceptable degree of certainty. Consequently no provision has been recognised in these accounts for any amounts that may fall due in regard to these queries. The IRD has issued Notices of Assessment totalling HK\$440 million in respect of their queries for the years under review. The subsidiaries involved have objected to these assessments, and the IRD has agreed to unconditional holdover of the assessments. Please also refer to the section headed “Risk Factors — Risks Relating to Our Business — We may be involved in disputes and legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result” in this prospectus. In addition, the estimated interest which would (assuming that the relevant Group companies are found liable to pay the tax demanded) be payable in respect of the Notices of Assessment totalled HK\$171 million as at 31st December 2009. For illustrative purposes only, the aggregate of the amounts assessed and the estimated interest payable (HK\$611 million) represents 4.0% and 0.5% of the consolidated profit of the Company attributable to its Shareholder for the year ended 31st December 2009 and of the consolidated net assets of the Company at 31st December 2009, respectively. It is not possible, given the lack of information available, to determine the ultimate outcome of the IRD’s review of this matter and consequently to make a judgment as to its materiality. On 30th March 2010, the IRD issued a notice of assessment in respect of the year 2003/4 to Lindfield Limited (“**Lindfield**”) (a company in which the Company has an indirect 50% interest) in an amount of HK\$18 million. The assessment relates to the deductibility of interest for profits tax purposes. It is too early to determine the outcome of this assessment. Swire Pacific has undertaken to the Company that, if any subsidiary of the Company referred to in this paragraph (or Lindfield) is required to pay to the IRD any amount of tax in response or by reference to any notice of assessment referred to in the paragraph (or to any corresponding notice of assessment issued in respect of any year of assessment from the year of assessment 2004/05 to 2009/10), Swire Pacific will pay to the Company an amount equal to the amount of such payment (50% of the amount of such payment in the case of Lindfield). This undertaking will expire on the third anniversary of the Listing Date except where a provision for a relevant payment has, with the agreement of Swire Pacific, previously been made in the accounts of any such subsidiary or, as the case may be, Lindfield.

Save as disclosed above, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities as at 31st March 2010.

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Working capital

Taking into account the amount of cash currently held by us, cash flow from our operations, banking facilities expected to be available to us, the Inter-group Funding and the estimated net proceeds from the Global Offering, the Directors are of the opinion that our working capital is sufficient for our present requirements, including estimated capital expenditures, that is, for at least 12 months from the date of this prospectus.

Off-balance sheet commitments and arrangements

Save as disclosed in the sub-section headed “Contingent Liabilities” above, we have not entered into other material off-balance sheet arrangements or commitments to guarantee the payment of obligations of any third parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

CAPITAL EXPENDITURE

Capital expenditure incurred by the Group for the years ended 31st December 2007, 2008 and 2009 and the three months ended 31st March 2010 amounted to HK\$12,154 million, HK\$5,336 million, HK\$3,871 million and HK\$719 million, respectively, primarily relating to investment properties and hotels in Hong Kong and the PRC.

Our total capital expenditure relating to investment properties for the years ended 31st December 2007, 2008 and 2009 amounted to HK\$5,750 million, HK\$2,791 million and HK\$2,758 million, respectively.

Our total capital expenditure relating to hotels for the years ended 31st December 2007, 2008 and 2009 amounted to HK\$867 million, HK\$925 million and HK\$1,065 million, respectively.

Our estimated capital expenditure for the year ending 31st December 2010 is approximately HK\$4,737 million.

CAPITAL COMMITMENTS

The following table sets forth our capital commitments comprising capital commitments contracted for and those authorised by the Directors but not yet contracted for as at the dates indicated:

	<u>As at 31st December</u>		
	<u>2007</u>	<u>2008</u>	<u>2009</u>
	(HK\$ in millions)		
Property, plant and equipment.....	7,271	2,485	998
Investment properties	2,300	5,256	4,368
Our share of capital commitments of jointly controlled companies	<u>4,888</u>	<u>5,351</u>	<u>5,316</u>
Total capital commitments	<u><u>14,459</u></u>	<u><u>13,092</u></u>	<u><u>10,682</u></u>

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The following table breaks down our capital commitments contracted for and those authorised by the Directors but not contracted for in respect of investment properties and hotels by location as at 31st December 2009:

	Forecast period of spending				Commitments
	2010	2011	2012	2013 and beyond	as at 31st December 2009
	(HK\$ in millions)				
Hong Kong projects					
Investment properties	636	683	276	29	1,624
Total.....	636	683	276	29	1,624
PRC projects					
Property, plant and equipment	267	504	—	—	771
Investment properties	2,272	472	—	—	2,744
Our share of capital commitments of jointly controlled companies	1,480	1,565	1,699	572	5,316
Total.....	4,019	2,541	1,699	572	8,831
U.K. hotels					
Property, plant and equipment	215	12	—	—	227
Total.....	215	12	—	—	227
TOTAL	<u>4,870</u>	<u>3,236</u>	<u>1,975</u>	<u>601</u>	<u>10,682⁽¹⁾</u>

Note:

(1) including the Group's share of the capital expenditures and capital commitments of its jointly controlled companies.

OTHER CONTRACTUAL COMMITMENTS

We had contractual obligations for future development costs relating to properties for sale of HK\$369.1 million, HK\$193.7 million and HK\$457.0 million as at 31st December 2007, 2008 and 2009, respectively.

We are the lessee under certain operating leases in respect of land and buildings. Our commitments under non-cancellable operating leases in respect of land and buildings as at 31st December 2007, 2008 and 2009 were HK\$47 million, HK\$148 million and HK\$215 million, respectively.

FINANCIAL RISKS

In the normal course of business we are exposed to financial risks attributable to interest rates, credit, liquidity and exchange rates.

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As disclosed in the section “Relationship with the Controlling Shareholders — Independence from the Controlling Shareholders — Independence of administrative capability” in this prospectus, Swire Pacific provides central treasury services to its subsidiaries, including the Company. Such services include the management of the Group’s financial risks (except those relating to trading transactions, which we manage ourselves) and will continue to be provided for a transitional period of up to 12 months after the Listing Date. After the end of the transitional period, it is intended that the Group’s financial risks will be managed internally and in accordance with the same principles as those in accordance with which they are currently managed by Swire Pacific. Swire Pacific’s policies and procedures for managing financial risks are maintained and developed by its finance committee (under the authority of its board) and implemented through its central treasury department. References below in this section headed “Financial Risks” to our policies and procedures are to the policies and procedures of Swire Pacific as applied on our behalf.

It is our policy not to enter into derivative transactions for speculative purposes. Derivatives are used (indirectly through the Inter-group Funding) for management of an underlying risk and we minimise our exposure to market risk since gains and losses on derivatives offset the losses and gains on the assets, liabilities or transactions being hedged (indirectly through the Inter-group Funding).

Our jointly controlled and associated companies arrange their financial and treasury affairs on a stand-alone basis. We may provide financial support by way of guarantees to our jointly controlled and associated companies in cases where significant cost savings are available and risks are acceptable.

Interest rate risks

Our interest rate risk arises primarily from our interest bearing borrowings from banks and Swire Finance, which were HK\$27,336 million, HK\$34,047 million, HK\$35,451 million and HK\$36,573 million respectively as at 31st December 2007, 2008, 2009 and 31st March 2010. Borrowings at variable rates expose us to cash flow interest rate risk. Borrowings at fixed rates expose us to fair value interest rate risk. During the Track Record Period, we earned interest income on cash deposits and loans due from jointly controlled companies.

During the Track Record Period, interest on the Inter-group Funding was charged to the Company at an all-in cost on the underlying loans and bonds representing the rates of interest, margin and the Company’s proportionate share of any fees and hedging costs or savings in respect of Swire Finance’s (direct or indirect) borrowings from third parties (the Group itself not having been party to any hedging transactions during the Track Record Period). A significant proportion of the Group’s debt is maintained on a fixed rate basis (on the basis that the Inter-group Loan Agreements were in place prior to their execution on 31st March 2010) with a view to increasing certainty of funding costs and after taking into consideration the potential impact of higher interest rates on profit, interest cover and expected cash flows. Interest rate swaps are used to manage long-term interest rate exposure.

Upward fluctuations in interest rates may increase the cost of our financing. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of our debt obligations. As at 31st December 2007, 2008 and 2009, our outstanding interest-bearing borrowings denominated in HK dollars were approximately HK\$22,182 million, HK\$29,635 million and HK\$30,528 million, respectively, our outstanding interest-bearing borrowings in Renminbi were approximately HK\$2,814 million, HK\$3,615 million and HK\$4,085 million, respectively and our outstanding interest-bearing borrowings denominated in U.S. dollars were HK\$2,340 million, HK\$775 million and HK\$776

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million, respectively (on the basis that the Inter-group Loan Agreements were in place as at 31st December 2007, 2008 and 2009). (See the second table in the sub-section headed “Indebtedness, Contingent Liabilities and Net Current Liabilities — Borrowings” above.) The benchmark 3-year bank lending rate published by the PBOC for the years ended 31st December 2007, 2008 and 2009 was 7.6%, 5.4% and 5.4%, respectively. As at 31st December 2009, the Group had total outstanding borrowings of HK\$35,451 million with maturities (including indirectly through the Inter-group Funding) from 2010 to 2019. As at 31st December 2009, taking into account the hedging arrangements referred to in the immediately preceding paragraph, on the basis that the Inter-group Loan Agreements were in place as at 31st December 2009, 66% of our gross borrowings were on a fixed rate basis and 34% were on a floating rate basis. (See the third table in the sub-section headed “Indebtedness, Contingent Liabilities and Net Current Liabilities — Borrowings” above.) If the effective interest rate on our outstanding borrowings had been 100 basis points higher or lower than the applicable actual effective interest rates for the years ended 31st December 2007, 2008 and 2009 and all other variables were held constant, our income would have increased or decreased by HK\$140 million, HK\$110 million and HK\$99 million for 2007, 2008 and 2009, respectively.

Credit risks

Our credit risk is primarily attributable to cash and deposits held, and to derivative contracts entered into, with banks and other financial institutions, to receivables from our jointly controlled companies and associated companies and to a lesser extent, to trade and other receivables.

When depositing surplus funds or entering into derivative contracts, we control our exposure to non-performance by counterparties by dealing with investment grade counterparties, setting approved counterparty limits and applying monitoring procedures. The counterparties’ credit ratings are monitored and an approved list of counterparties with their limits is issued on a quarterly basis.

In accordance with the provisions of our standard tenancy agreements, rentals and other charges are due on the first day of each calendar month. We are responsible for setting appropriate credit terms and assessing the credit profile of individual customers. We typically do not extend any credit to our customers. As at 31st December 2007, 2008 and 2009, trade debtors were HK\$145 million, HK\$145 million, and HK\$180 million, respectively, and were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The value of rental deposits from tenants held as security against trade debtors was HK\$1,376 million, HK\$1,544 million and HK\$1,620 million at 31st December 2007, 2008 and 2009 respectively.

We believe there is no significant concentration of credit risk with respect to trade receivables given the large number of customers we have.

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Liquidity risks

We take liquidity risk into consideration when deciding our sources of funds and their tenors, so as to avoid over reliance on funds from any one source and to prevent substantial refinancing in any one period. We have, through the Inter-group Funding, significant undrawn committed revolving credit facilities and cash deposits in order to reduce liquidity risk further and to allow for flexibility in meeting funding requirements. The table below analyses our contractual undiscounted cash flows and financial liabilities by relevant maturity groupings based on the remaining period from 31st December 2009 to the earliest date we can be required to pay.

As at 31st December 2009						
Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	
(HK\$ in millions)						
Trade creditors	401	401	401	—	—	—
Amounts due to intermediate holding company	66	66	66	—	—	—
Amount due to a fellow subsidiary company ⁽¹⁾	31,304	31,304	31,304	—	—	—
Amount due to immediate holding company	103	103	103	—	—	—
Interest-bearing advances from an associated company	149	149	149	—	—	—
Advances from minority interests	211	211	211	—	—	—
Rental deposits from tenants	1,620	1,690	431	407	686	166
Other payables	1,831	1,831	1,831	—	—	—
Put option over minority interest in existing subsidiary company	690	690	690	—	—	—
Borrowings (including interest obligations)	<u>4,147</u>	<u>4,439</u>	<u>795</u>	<u>2,982</u>	<u>662</u>	<u>—</u>
	<u>40,522</u>	<u>40,884</u>	<u>35,981</u>	<u>3,389</u>	<u>1,348</u>	<u>166</u>

Note:

(1) As a result of entry into of the Inter-group Loan Agreements, the HK\$31,304 million due to a fellow subsidiary company will become repayable after more than one year.

Exchange rate risks

We operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars and Renminbi. Foreign exchange risk arises from the foreign currency denomination of commercial transactions, assets and liabilities, and net investments in foreign operations.

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We hedge highly probable transactions in each major currency where their value or time to execution gives rise to a significant currency exposure, provided that the cost of the foreign exchange forward or derivative contract is not prohibitively expensive having regard to the underlying exposure.

As at 31st March 2010, the Group had (through the Inter-group Funding) hedged its significant foreign currency funding exposures.

Exposure arising from the Group's investments in operating subsidiaries with net assets denominated in foreign currencies is reduced, where practical, by providing funding in the same currency.

Foreign currency funding and deposit exposure are monitored on a continuous basis. On a quarterly basis, sensitivity testing is performed by varying forecast foreign exchange rates. The interest charged on the Group's borrowings from Swire Finance under the Inter-group Funding reflects, among other things, our proportionate share of the relevant currency hedging costs or savings.

Otherwise, we currently do not engage in hedging activities designed or intended to manage currency risk.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

The Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances which would give rise to a disclosure required under Rules 13.13 to 13.19 of the Listing Rules upon the listing of our Shares on the Stock Exchange.

PROFIT FORECAST FOR THE YEAR ENDING 31ST DECEMBER 2010

On the bases and assumptions set out in Appendix III "Profit Forecast" to this prospectus and, in the absence of unforeseen circumstances, certain profit forecast data of the Group for the year ending 31st December 2010 are set out below:

Forecast profit attributable to the Shareholders Not less than HK\$7,143 million

Less: Adjustments in arriving at underlying profit
attributable to the Shareholders HK\$2,917 million

Forecast underlying profit attributable to the Shareholders Not less than HK\$4,226 million

Unaudited pro forma forecast earnings per Share

Pro forma basis

- Forecast profit attributable
to the Shareholders Not less than HK\$1.08 per Share

- Forecast underlying
profit attributable to the Shareholders Not less than HK\$0.64 per Share

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Notes:

- (1) The bases and assumptions on which the above profit forecasts have been prepared are summarised in Appendix III “Profit Forecast” to this prospectus. The Directors have arrived at the forecast profit attributable to the Shareholders for the year ending 31st December 2010 based on the unaudited consolidated results derived from the management accounts of the Group for the two months ended 28th February 2010 and a forecast of the consolidated results of the Group for the remaining ten months ending 31st December 2010. The forecast profit attributable to the Shareholders has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Note 2 of Section II of the Accountant’s Report, the text of which is set out in Appendix I to this prospectus, with the additional policy of merger accounting being applied in relation to the acquisition of all the shares of Swire Properties US Inc. and Swire Properties One Inc. and all the outstanding related loan notes of Swire Properties US Inc. on 25th January 2010 (in relation to which further information is set out in the section headed “Financial Information — Recent Developments — Acquisition of U.S. Properties” in this prospectus).
- (2) Gross rental income represents a large component of our turnover. Accordingly, in arriving at our forecast profit attributable to the Shareholders for the year ending 31st December 2010, we have calculated the forecast gross rental income based on the sum of the contracted base rents payable plus an estimate of turnover rent under tenancy agreements as at 31st January 2010 and the Company’s estimates of base rental income plus turnover rent achievable upon expiry of such tenancy agreements as a result of renewals or new lettings.

The table below shows the composition of forecast retail and office base rental income by contracted rents payable and the Company’s projections of base rent on lease renewals or new lettings (which should not be viewed as individual forecasts but as forming part of the bases and assumptions used in arriving at the profit forecasts). For the avoidance of doubt, the table below does not include forecast turnover rent as such rent is not committed.

	Percentage of committed base rents for the 12 months ending 31 December 2010
HK Retail	
Existing lease commitments.....	91.6%
Projected renewals or new lettings	<u>8.4%</u>
Total	<u>100.0%</u>
HK Office	
Existing lease commitments.....	89.2%
Projected renewals or new lettings	<u>10.8%</u>
Total	<u>100.0%</u>
PRC Retail	
Existing lease commitments.....	87.8%
Projected renewals or new lettings	<u>12.2%</u>
Total	<u>100.0%</u>

As the table indicates, the majority of our forecast retail and office base rental income is derived from existing lease commitments. Accordingly, we do not consider any sensitivity analysis in respect of lower market rents to be necessary given the modest impact we believe it is reasonable to anticipate they might have on our projections of base rental income.

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- (3) The adjustments made in arriving at underlying profit attributable to the Shareholders are made to reconcile (1) the forecast profit attributable to the Shareholders with (2) the forecast underlying profit attributable to the Shareholders, in each case for the year ending 31st December 2010. The adjustments made (which principally adjust for the impact of HKAS 40 and HKAS-Int 21 on investment properties and deferred taxation respectively, together with a further adjustment to remove the movement in the fair value of the liability in respect of a put option in favour of our minority partner in Sanlitun Village), which should not be viewed as individual forecasts but as forming part of the bases and assumptions used in arriving at the profit forecasts, are as follows:
- (a) a reduction to forecast profit attributable to the Shareholders for the forecast fair value gains on investment properties (net of deferred tax and share of minority interests) of HK\$3,198 million, including our share of fair value gains on investment properties of our jointly controlled companies and associated companies (net of deferred tax).
- (i) The fair value gains on our properties in Hong Kong are expected to be significantly smaller than in 2009. This reflects our expectations that growth in market rents in Hong Kong is likely to be limited and that the reduction in capitalisation rates experienced in 2009 is not likely to be repeated.
- (ii) In the PRC, our investment properties under development were revalued from their carrying amounts (which were based on cost) to fair value in 2009. As a result the forecast fair value gains on these properties in 2010 are expected to be lower than in 2009. Despite this, the fair values of our properties in the PRC are expected to increase at a faster rate than in Hong Kong. This primarily reflects forecast growth in market rents in Beijing, Shanghai and Guangzhou and, to a lesser extent, increased certainty as to prospective income (in the case of TaiKoo Hui as its expected completion date gets closer and pre-leasing takes place), recent transactions of comparable properties in Shanghai (in the case of Dazhongli) and further progress in construction and thus a lower development risk as completion of the project gets nearer in time (in the case of INDIGO).
- (iii) The fair value gains on our investment properties (net of deferred tax and share of minority interests), including our share of fair value gains on investment properties of our jointly controlled companies and associated companies (net of deferred tax), for the three months ended 31st March 2010 represent more than 65% of the forecast fair value gains on our investment properties (net of deferred tax and share of minority interests), including the Company's share of fair value gains on investment properties of our jointly controlled companies and associated companies (net of deferred tax), for the year ending 31st December 2010.

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- (iv) The table below shows a breakdown of the forecast fair value gains on our investment properties (net of deferred tax and share of minority interests), including our share of fair value gains on investment properties of our jointly controlled companies and associated companies (net of deferred tax).

	Hong Kong	PRC	Total
	2010	2010	2010
	HK\$	HK\$	HK\$
	(in millions)	(in millions)	(in millions)
Offices and Techno Centres	994	—	994
Retail	149	440	589
Residential	228	—	228
Properties under development	<u>(133)</u>	<u>1,404</u>	<u>1,271</u>
Total	1,238	1,844	3,082
Less: owner-occupied space			<u>(101)</u>
Change in fair value of investment properties			2,981
Less: deferred tax			<u>(680)</u>
Change in fair value of investment properties (net of deferred tax)			2,301
Add: revaluation movements in jointly controlled companies and associated companies (net of deferred tax)			<u>930</u>
Less: minority interests' share of revaluation movements less deferred tax			<u>(33)</u>
Revaluation movement attributable to the Shareholders less deferred tax			3,198

- (b) an increase to forecast profit attributable to the Shareholders of HK\$225 million consisting of:
- (i) HK\$213 million in respect of fair value gains recognised up to 31st December 2009 on investment properties which the Company has agreed or intends to dispose of in 2010. These gains recognised in prior years are treated as being realised in 2010 for the purpose of calculating underlying profit as these gains would have been recognised in the income statement on disposal of the investment properties in 2010 had HKAS 40 not been applied; and
- (ii) HK\$12 million in respect of forecast depreciation in respect of properties occupied by the Group to adjust for the impact of HKAS 40; and
- (c) an increase of HK\$56 million in respect of removal of the effect of the forecast movement in the fair value of the liability in respect of a put option in favour of our minority partner in Sanlitun Village.
- (4) Under HKFRS, the valuations of investment properties are reflected in our financial statements. Gains or losses arising from changes in the fair value of our investment properties are accounted for as fair value gains or losses on investment properties in our income statement.

The significant rise in fair value gains on completed investment properties in 2009 is not expected to be repeated in 2010. In addition, all investment properties under development were re-valued from their carrying amounts (which were based on cost) to fair value in 2009, thereby reducing their impact on fair value gains in 2010.

The fair value gains on investment properties have been estimated based on projected valuations at 31st December 2010 according to a basis of valuation which is, so far as practicable, consistent with the basis of valuation which has been adopted in valuing our properties for the purposes of our audited consolidated financial statements contained elsewhere

FINANCIAL INFORMATION

in this prospectus and in the property valuation reports in Appendix IV. Accordingly, we have arrived at the projected valuation at 31st December 2010 of the Group's investment property portfolio by capitalising the rental income derived from existing tenancies with due provision for reversionary income potential. The projected valuation at 31st December 2010 of investment properties under construction is based on the expected market value of the property (on the assumption that it will have been completed on or (as the case may be) before 31st December 2010) adjusted for the estimated costs to complete the project. The projected valuations at 31st December 2010 have been prepared by us and reviewed (except in relation to Amalgamation Properties) by our independent property valuer, DTZ, and our property specific estimates of average rents and capitalisation rates in Hong Kong and the PRC for the purpose of our projected valuations at 31st December 2010 are generally agreed with by them. The trends in 2010 for the property specific average rents and capitalisation rates are generally in line with the trends for city-wide rentals and capital values for 2010 projected by our independent market consultant, DTZ, as set out in the market research report included in Appendix V to this prospectus. We expect the fair value of our investment properties as at 31st December 2010, and in turn any fair value gain or loss on our investment properties (and consequential effect on deferred tax) and the liability in respect of the put option which our minority partner has in respect of its interest in Sanlitun Village, to continue to be dependent on market conditions and other factors that are beyond our control, and to be based on valuations performed by qualified surveyors involving the use of assumptions that are, by their nature, subjective and uncertain, including those described in the section headed "Risk Factors — Risks relating to the Global Offering — The valuation attached to our property interests and our profit forecast contain assumptions that may or may not prove to be accurate" in this prospectus.

In relation to Sanlitun Village and for the purpose of preparing the forecast profits attributable to the Shareholders, we have estimated the value as at 31st December 2010 of the liability in respect of the put option which our minority partner has in respect of its interest in Sanlitun Village. For details of the put option, see the section headed "Business — Completed Investment Properties — the PRC — (i) Sanlitun Village, Beijing" in this prospectus. For such purpose, we have estimated the present value (as at 31st December 2010) of the redemption amount of such put option, by reference principally to the estimated fair value of the portions of Sanlitun Village in which our minority partner is interested, subject to certain agreed assumptions and adjusted to reflect the difference between the current assets and the liabilities of (and accrued tax in the ordinary course of business payable by) the holding company through which the interests of ourselves and our minority partner in those portions of Sanlitun Village are held.

The following table illustrates the sensitivity of the forecast profit attributable to the Shareholders to levels of fair value gains on investment properties (net of deferred tax and share of minority interests, including our share of fair value gains on investment properties of our jointly controlled entities and associated companies (net of deferred tax)) for the year ending 31st December 2010:

Changes in fair value gains on investment properties compared to our estimated fair value gains on such investment properties of HK\$3,198 million	-30%	-20%	-10%	10%	20%	30%
Impact on forecast profit attributable to the Shareholders (HK\$ millions) (having taken into account the amount of the liability in respect of the put option referred to above)...	-972	-648	-324	324	648	972

This sensitivity illustration is intended for reference only, and any variation could exceed the ranges given. Investors should note in particular that (i) this sensitivity illustration is not intended to be exhaustive and is limited to the impact of changes in the level of fair value gains on investment properties and (ii) the profit forecast is subject to further and additional uncertainties generally. While we have considered for the purposes of the profit forecast what we believe are the best estimates of the fair value gains on our investment properties in 2010, and our property valuers are of the view that the assumptions upon which the forecast is based are reasonable, the fair value of our investment properties and/or any fair value gains or losses on investment properties as at the relevant time may differ materially from our estimates, and are dependent on market conditions and other factors that are beyond our control. See "Risk Factors — Risks relating to the Global Offering — The valuation attached to our property interests and our profit forecast contain assumptions that may or may not prove to be accurate".

- (5) The unaudited pro forma forecast earnings per Share is calculated by reference to the forecast profit attributable to the Shareholders for the year ending 31st December 2010 or, as the case may be, the forecast underlying profit attributable to the Shareholders for the year ending 31st December 2010, assuming that 5,690,000,000 Shares in issue at the date of this prospectus and 910,000,000 Shares to be issued pursuant to the Global Offering had been in issue on 1st January 2010.

FINANCIAL INFORMATION

DIVIDENDS AND DISTRIBUTABLE RESERVES

Pursuant to the Companies Ordinance and the Memorandum and Articles of Association of the Company, the Company may by ordinary resolution declare dividends in any currency but no dividend may be declared in excess of the amount recommended by our Board. The Memorandum and Articles of Association provide that dividends may be declared and paid out of our profit or reserves available for distribution.

Except as provided under the terms of a particular issue, or with respect to the rights attached to any Shares, (i) all dividends must be declared and paid according to the amounts paid up on the Shares in respect of which the dividend is paid; and (ii) all dividends must be apportioned and paid pro rata according to the amount paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid up on a Share in advance of calls shall be treated as paid up on the Share. The Directors may retain any dividends or other moneys payable on or in respect of a Share on which we have a lien and may apply the same in or towards notification of the debts and liabilities in respect of which the lien exists. The Directors may deduct from any dividend payable to any of the Shareholders all sums of money (if any) presently payable by such shareholder to us on account of calls, instalments or otherwise. In addition, the declaration of dividends is subject to the discretion of the Board, and the amounts of dividends actually declared and paid will also depend on the following factors:

- our general business conditions;
- our financial results;
- our capital requirements;
- our future prospects;
- tax considerations;
- possible effects on our creditworthiness; and
- any other factors which the Board may deem relevant.

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

As at 31st December 2007, 2008 and 2009, our underlying profit attributable to the Shareholder (which principally reflects adjustments made by the Company to the reported profit to exclude the effect of fair value gains or losses on investment properties and the associated deferred tax) amounted to approximately HK\$3,275 million, HK\$3,445 million and HK\$3,826 million, respectively. There is, however, no assurance that any proportion of our underlying profit attributable to the Shareholders for any year will be distributed as dividends or that any dividend will be paid at all.

FINANCIAL INFORMATION

PROPERTY INTERESTS AND PROPERTY VALUATION

Our property interests, including the interests in properties that are attributable to us, were valued at HK\$177.5 billion as at 31st December 2009 and HK\$184.0 billion as at 31st March 2010. As at 31st March 2010, our property interests (other than Amalgamation Properties) were valued by DTZ and Christie + Co, independent property valuers, and Amalgamation Properties were valued internally by qualified surveyors. There was a net revaluation surplus, representing the excess market value of the properties over their book value as at 31st December 2009 (after adjusting for properties purchased and sold, and depreciation and amortisation during the period from 1st January 2010 to 31st March 2010). For further details of our property interests, please refer to the valuation reports prepared by DTZ and Christie + Co set out in Appendix IV “Property Valuation” to this prospectus and the section headed “Business — Investment Properties Under Development or Held For Future Development — Hong Kong — Amalgamation Properties” in this prospectus.

Disclosure of the reconciliation of the valuation of the interests in properties attributable to us and such property interests in our consolidated balance sheet as at 31st December 2009 as required under Rule 5.07 of Listing Rules is set forth below:

	HK\$ in millions
Carrying value as at 31st December 2009	
Property, plant and equipment.....	3,592
Investment properties.....	154,098
Leasehold land and land use rights	1,756
Properties held for development and for sale	2,948
Attributable interests in properties owned by jointly controlled companies and associated companies.....	9,151
Total	171,545
Add: Net additions during the period from 1st January 2010 to 31st March 2010 ⁽¹⁾	2,755
Add: Valuation surplus ⁽²⁾	12,147
Gross valuation as at 31st March 2010 ⁽³⁾	186,447
Gross valuation attributable to minority interests	(2,613)
Gross valuation attributable to the Group as at 31st March 2010	183,834

Notes:

- (1) Including an addition of HK\$803 million in respect of the recently acquired U.S. Properties.
- (2) The valuation surplus represents approximately HK\$2,878 million of revaluation gain on investment properties and attributable interests in investment properties owned by jointly controlled companies and associated companies, approximately HK\$5,173 million of surplus over the carrying value of trading properties, approximately HK\$2,605 million of surplus over the carrying value of hotels, and approximately HK\$1,491 million arising from recording properties which we occupy ourselves at fair value instead of at cost. Of the total valuation surplus of HK\$12,147 million, HK\$447 million is attributable to minority interests.
- (3) The gross valuation as at 31st March 2010 includes our attributable interests to the gross valuation of properties owned by jointly controlled companies and associated companies.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma data relating to our net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on our net tangible assets as at 31st December 2009 as if the Global Offering had taken place on 31st December 2009.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the Shareholder as at 31st December 2009 or at any subsequent dates, including following the Global Offering.

	Unadjusted audited consolidated net tangible assets of the Group attributable to the Shareholder as at 31st December 2009⁽¹⁾	Estimated net proceeds from the Global Offering⁽²⁾	Unaudited pro forma adjusted net tangible assets of the Group attributable to the Shareholders	Unaudited pro forma adjusted net tangible assets per Share⁽³⁾
	HK\$ (in millions)	HK\$ (in millions)	HK\$ (in millions)	HK\$
Based on an Offer Price of HK\$20.75 per Offer Share	111,960	18,341	130,301	19.74
Based on an Offer Price of HK\$22.90 per Offer Share	111,960	20,254	132,214	20.03

Notes:

- (1) The unadjusted audited consolidated net tangible assets attributable to the Shareholder as at 31st December 2009 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the Shareholder of HK\$112,644 million with an adjustment for the intangible assets of HK\$684 million.
- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK\$20.75 per Offer Share and HK\$22.90 per Offer Share after deduction of the underwriting fees and commissions and other related expenses payable by the Company. We may pay the Joint Global Coordinators an additional incentive fee of up to 0.25% of the Offer Price of all the Offer Shares (excluding the Offer Shares purchased by a certain cornerstone investor and the Shares sold pursuant to the exercise of the Over-allotment Option). If we decide to pay such additional incentive fee, the net proceeds from the Global Offering and the unaudited pro forma adjusted net tangible assets per Shares will decrease.
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in Note (2) above and on the basis that 6,600,000,000 Shares were in issue assuming that the Global Offering had been completed on 31st December 2009.
- (4) As at 31st March, 2010, the Group's property and leasehold land and land use rights (other than Amalgamation Properties) were valued by DTZ and Christie + Co, independent property valuers, and the relevant property valuation reports are set out in Appendix IV "Property Valuation" to this prospectus. Amalgamation Properties were valued internally by qualified surveyors. The net revaluation surplus in respect of the land and buildings held for own use (including hotel properties), representing the excess of market value of the respective property and leasehold land and land use rights over their book value, is approximately HK\$4,096 million. Such revaluation surplus has not been included in the Group's consolidated financial information as at 31st December 2009 and will not be included in the Group's

FINANCIAL INFORMATION

financial statements for the year ending 31st December 2010. The above adjustment does not take into account the above revaluation surplus. Had the property and leasehold land and land use rights in respect of the land and buildings held for own use (including hotel properties) been stated at such valuation, additional depreciation of HK\$58 million per annum would be charged against the consolidated income statement for the year ending 31st December 2010.

- (5) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 31st December 2009.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since 31st December 2009.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

We intend to grow our business by continuing to focus on the development of mixed use commercial properties. We intend to use our competitive strengths to further strengthen our presence in Hong Kong and strategically selected regions and cities in the PRC. For details of our future plans, see the section headed “Business — Key Business Strategies” in this prospectus.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering accruing to the Company (after deduction of underwriting fees and commissions (assuming the full payment of discretionary incentive fee) and estimated expenses payable by the Company in relation to the Global Offering), to be approximately HK\$19,254 million assuming an Offer Price of HK\$21.83 (being the mid-point of the Offer Price range stated in this prospectus), approximately HK\$18,296 million assuming an Offer Price of HK\$20.75 (being the low end of the Offer Price range stated in this prospectus), or approximately HK\$20,204 million assuming an Offer Price of HK\$22.90 (being the high end of the Offer Price range stated in this prospectus).

We plan to use the net proceeds of the Global Offering accruing to the Company (assuming an Offer Price of HK\$21.83, being the mid-point of the Offer Price range stated in this prospectus) as follows:

- approximately 11%, which represents approximately HK\$2.1 billion, will be used to fund our investments in our existing property projects in Hong Kong, the U.K. and the PRC, including
 - approximately 2.8%, which represents approximately HK\$538 million, will be used to fund the Pacific Place contemporisation project;
 - approximately 0.7%, which represents approximately HK\$135 million, will be used to fund the development cost of 24-34 Hennessy Road;
 - approximately 2.5%, which represents approximately HK\$487 million, will be used to fund capital expenditure on our other completed investment properties, including the purchase of additional Amalgamation Properties;
 - approximately 2.5%, which represents approximately HK\$479 million, will be used to fund the development cost of our trading properties on Seymour Road in Hong Kong;
 - approximately 1.1%, which represents approximately HK\$220 million, will be used to fund the development cost of our other trading properties in Hong Kong; and
 - approximately 1.2%, which represents approximately HK\$230 million, will be used to fund additional capital expenditure on our Hong Kong, U.K. and PRC hotels;
- approximately 19%, which represents approximately HK\$3.8 billion, will be placed in short term deposits and/or money market instruments, which can be immediately drawn for our future property projects as and when we identify suitable investment opportunities;

FUTURE PLANS AND USE OF PROCEEDS

- approximately 29%, which represents approximately HK\$5.5 billion, will be used for the repayment of our borrowings from Swire Finance under revolving loan facilities (which facilities are not intended to be cancelled upon such repayment). After such repayment, the Company will have in place approximately HK\$9.5 billion of committed revolving loan facilities, which can be immediately drawn for our future property projects as and when we identify suitable investment opportunities; and
- approximately 41%, which represents approximately HK\$7.9 billion, will be used for the repayment of our borrowings from Swire Finance other than under revolving loan facilities.

If any of the net proceeds to the Company are not immediately used for any of the above purposes, they will be placed in short term deposits and/or money market instruments.

If the Offer Price is fixed at HK\$22.90, being the high end of the Offer Price range stated in this prospectus, net proceeds to the Company will be increased by approximately HK\$950 million. If the Offer Price is fixed at HK\$20.75, being the low end of the Offer Price range stated in this prospectus, net proceeds to the Company will instead be decreased by approximately HK\$958 million. The Directors currently intend that any such increase or decrease will be reflected by an increase or decrease in the amount placed in short term deposits and/or money market instruments and immediately available to be drawn for our future property projects.

We estimate the net proceeds to the Controlling Shareholders of the sale of Shares pursuant to any exercise of the Over-allotment Option to be approximately HK\$2,905 million (assuming the same mid-point of the Offer Price range stated in this prospectus and the exercise of the Over-allotment Option in full).

As the Over-allotment Option is granted by the Controlling Shareholders, and not the Company, the Company will not receive any proceeds from any exercise of the Over-allotment Option.

CORNERSTONE INVESTORS

CORNERSTONE INVESTORS

The Cornerstone Placing

In April 2010, as part of the International Offering, we entered into cornerstone investment agreements with two cornerstone investors (the “**Cornerstone Investors**”) who have agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with an amount equal to (i) HK\$1,556 million and (ii) the HK dollar equivalent of US\$100 million (which shall be determined based on the spot rate quoted by Bloomberg (“USDHKD Spot Exchange Rate” page) for US dollars at 8:00 a.m. Hong Kong time on the day that the Offer Price is determined), respectively. Assuming a mid-point Offer Price of HK\$21.83 and an exchange rate of US\$1 = HK\$7.8, the total number of Shares subscribed by the Cornerstone Investors would be approximately 107,008,600 Shares, representing approximately (i) 1.6% of the total number of Shares in issue immediately following the completion of the Global Offering and (ii) 11.8% of the Offer Shares, in each case assuming that the Over-allotment Option is not exercised.

None of the Cornerstone Investors is a connected person of the Company or Swire Pacific or any of their associates as defined under the Listing Rules. No Cornerstone Investor is permitted to subscribe for any Offer Shares under the Global Offering other than pursuant to the cornerstone investment agreement to which it is a party. Immediately following the completion of the Global Offering, no Cornerstone Investor will have any board representation in our Company, nor will any Cornerstone Investor become a substantial Shareholder of the Company. The Offer Shares to be subscribed for by the Cornerstone Investors will count towards the public float of the Company. The Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the “Structure of the Global Offering — The Hong Kong Public Offering” in this prospectus.

The Cornerstone Investors

A brief description of each of the Cornerstone Investors is set out below.

APG Strategic Real Estate Pool (the “APG Pool”)

APG Algemene Pensioen Groep N.V. in its capacity as manager of the APG Pool and Stichting Depository APG Strategic Real Estate Pool in its capacity as the depository of the APG Pool have agreed to subscribe for such number of Offer Shares (rounded down to the nearest board lot) as may be purchased with HK\$1,556 million at the Offer Price. Assuming a mid-point Offer Price of HK\$21.83, the APG Pool will purchase 71,278,000 Shares, representing approximately (i) 1.1% of the total number of Shares in issue immediately following the completion of the Global Offering and (ii) 7.8% of the Offer Shares, in each case assuming that the Over-allotment Option is not exercised.

The APG Pool is a collective investment fund established under Dutch law on 1st July 2009 in the form of a fund for joint account (fonds voor gemene rekening). The APG Pool is a contractual arrangement between APG Algemene Pensioen Groep N.V. in its capacity as manager of the APG Pool, Stichting Depository APG Strategic Real Estate Pool as depository of the APG Pool and each of the participants in the APG Pool. The purpose of the APG Pool is to build a diversified portfolio in listed, non-listed or nearly-listed real estate investments.

CORNERSTONE INVESTORS

Bank of China Group Investment Limited (“BOCGI”)

BOCGI has agreed to subscribe for such number of Offer Shares (rounded down to the nearest board lot) as may be purchased with the HK dollar equivalent of US\$100 million (which shall be determined based on the spot rate quoted by Bloomberg (“USDHKD Spot Exchange Rate” page) for US dollars at 8:00 a.m. Hong Kong time on the day that the Offer Price is determined) at the Offer Price. Assuming a mid-point Offer Price of HK\$21.83 and an exchange rate of US\$1 = HK\$7.8, BOCGI will purchase 35,730,600 Shares, representing approximately (i) 0.5% of the total number of Shares in issue immediately following the completion of the Global Offering and (ii) 3.9% of the Offer Shares, in each case assuming that the Over-allotment Option is not exercised.

BOCGI is a wholly-owned subsidiary of the Bank of China Limited (a company listed on the Stock Exchange (stock code 3988)) and has invested in various infrastructure projects and various sectors such as real estate, manufacturing industry, energy, transportation, media, hotel and finance in Hong Kong, Macau, the PRC and other places.

Conditions

The subscription obligation of each of the Cornerstone Investors is conditional upon (i) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with their respective terms, in each case, on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent that such conditions are validly waived on or before such dates and times) and (ii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Offer Shares) and such approval or permission not having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange.

Restrictions on disposals by the Cornerstone Investors

Each of the Cornerstone Investors has agreed that, without the prior written consent of the Company and the Joint Global Coordinators, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the “**Lock-up Period**”), dispose of any Offer Shares subscribed pursuant to the cornerstone investment agreement to which it is a party or any interest in any company or entity holding any such Shares other than transfers to a wholly-owned subsidiary of such Cornerstone Investor and on the basis that such subsidiary will be subject to the same restrictions on disposals as the Cornerstone Investor.

Each of the Cornerstone Investors has also agreed that in the event of any disposal of any of its Offer Shares at any time after the Lock-up Period, it will notify the Company and the Joint Global Coordinators in writing prior to the disposal and will use all reasonable endeavours to ensure that any such disposal does not create a disorderly or false market in the Shares and is otherwise in compliance with the SFO.

UNDERWRITING

HONG KONG UNDERWRITERS

Goldman Sachs
HSBC
Morgan Stanley
CLSA
JP Morgan
The Bank of East Asia, Limited
BNP Paribas Capital (Asia Pacific) Limited
BOCOM International Securities Limited
Daiwa Capital Markets Hong Kong Limited
DBS Asia Capital Limited
ING Bank N.V., London Branch
Mizuho Securities Asia Limited
Standard Chartered Securities (Hong Kong) Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Company and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 45,500,000 Hong Kong Offer Shares and the International Offering of initially 864,500,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed “Structure of the Global Offering” in this prospectus as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Application Forms relating thereto.

Subject to the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering, and to certain other conditions set out in the Hong Kong Underwriting Agreement (including the Joint Global Coordinators (on behalf of the Underwriters) and the Company agreeing upon the Offer Price), the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the Application Forms relating thereto and the Hong Kong Underwriting Agreement.

UNDERWRITING

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the Listing Date:

- (a) there develops, occurs, exists or comes into force:
 - (i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, large scale outbreak of diseases or epidemics, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the United States or the United Kingdom (the “**Relevant Jurisdictions**”);
 - (ii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions;
 - (iii) any moratorium, suspension or restriction in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange or the London Stock Exchange;
 - (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other Governmental Authority), New York (imposed at Federal or New York State level or other Governmental Authority), London, the PRC or the European Union, or any material disruption in commercial banking or foreign exchange trading or securities settlement or clearance services in those places or jurisdictions;
 - (v) any new law or regulation or any change or prospective change in existing laws or regulations or any change or prospective change in the interpretation or application thereof by any competent Governmental Authority in or affecting any of the Relevant Jurisdictions;
 - (vi) any change or prospective change in taxation or foreign exchange control or foreign investment regulations in any of the Relevant Jurisdictions;
 - (vii) any litigation or claim of any third party being threatened or instigated against any member of the Group;

UNDERWRITING

- (viii) a breach of any of the warranties or undertakings given by the Company under the Hong Kong Underwriting Agreement or Swire Pacific under the Lock-Up Agreement or a breach of any of the other obligations imposed upon the Company under the Hong Kong Underwriting Agreement or Swire Pacific under the Lock-Up Agreement; or
- (ix) an event, act or omission which gives or is likely to give rise to any liability of the Company pursuant to the indemnities given by it under the Hong Kong Underwriting Agreement

which, individually or in the aggregate, in the opinion of the Joint Global Coordinators (after consultation with the Company to the extent reasonably practicable) (1) has or will have or is likely to have a material adverse effect on the business, results of operations, financial or trading position or prospects of the Group as a whole, (2) has or will have or is likely to have a material adverse effect on the success of the Global Offering or (3) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed; or

- (b) there has come to the notice of the Joint Global Coordinators after the date of the Hong Kong Underwriting Agreement:
 - (i) that any statement contained in this prospectus, the Application Forms, the formal notice and any announcements issued by the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was as at their respective dates or has become or been discovered to be untrue, incorrect, inaccurate or misleading in any material respect;
 - (ii) that any matter has arisen or has been discovered which, had it arisen or been discovered immediately before the date of this prospectus (or any supplement or amendment thereto) and not been disclosed in this prospectus (or, as the case may be, any supplement or amendment thereto), would constitute a material omission from this prospectus; or
 - (iii) that there is an adverse change or a prospective adverse change in the business, results of operation, financial or trading position, or prospects of the Group as a whole the effect of which is, in the opinion of the Joint Global Coordinators, after consultation with the Company to the extent reasonably practicable, so material and adverse as to make it impracticable or inadvisable to proceed with the Global Offering.

Undertakings by the Company and the Controlling Shareholders to the Stock Exchange Pursuant to the Listing Rules

(A) Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that the Company will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the date on which the Company's securities first commence dealing on the Stock Exchange (whether or not such issue of shares or securities will be completed within six months from the commencement of dealing), except pursuant to the Global Offering or any of the circumstances provided under Rule 10.08 of the Listing Rules.

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(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to the Company that except pursuant to the Swire Pacific Distribution and/or the Global Offering (including any exercise of the Over-allotment Option and any lending of Shares pursuant to the Stock Borrowing Agreement), it will not and will procure that the relevant registered holder(s) will not:

- (a) in the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; and
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights interests or encumbrances in respect of, any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be the controlling shareholder of the Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to the Company that within the period commencing on the date by reference to which disclosure of its shareholding in the Company is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, it will:

- (i) when it pledges or charges any Shares beneficially owned by it in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of Shares so pledged or charged; and
- (ii) when it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform the Company of such indications.

Undertakings by the Company Pursuant to the Hong Kong Underwriting Agreement

The Company has undertaken to each of the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters that, save for any issue of the Offer Shares pursuant to the Global Offering, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the expiry of six months from the Listing Date (the “**First Six-Month Period**”), the Company will not without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, grant or sell any option, warrant, contract or right to subscribe for or purchase, either directly or indirectly, conditionally or unconditionally, any Shares, any

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other equity securities of the Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares);

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, any other equity securities of the Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares);
- (c) enter into any transaction with the same economic effect as any transaction specified in paragraph (a) or (b) above; or
- (d) agree to or publicly announce any intention to effect any transaction specified in paragraph (a) or (b) above,

in each case, whether any of the transactions specified in paragraph (a), (b) or (c) above is to be settled by delivery of Shares or such other equity securities of the Company, or in cash or otherwise (whether or not the issue of the Shares or such other securities will be completed within the aforesaid period). In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), the Company enters into any of the transactions specified in paragraph (a), (b) or (c) above or agrees to or publicly announces any intention to effect any such transaction, the Company has undertaken to take all reasonable steps to ensure that such transaction, agreement or, as the case may be, announcement will not create a disorderly or false market in the securities of the Company.

Undertakings by the Controlling Shareholders Pursuant to the Lock-Up Agreement

Each of the Controlling Shareholders has undertaken to each of the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters that, without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) it will not, at any time during the First Six-Month Period:
 - (i) sell, offer to sell, contract or agree to sell, lend, grant or sell any option, warrant, contract or right to purchase, purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares, any other equity securities of the Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares) (other than any Shares, any other equity securities of the Company or any interest in any of the foregoing, in each case, which it may on or after the Listing Date acquire (together, the “**Acquired Shares**”));

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- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, any other equity securities of the Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares) (other than any Acquired Shares), or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares, any other equity securities of the Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares) (other than any Acquired Shares);
- (iii) enter into any transaction with the same economic effect as any transaction specified in sub-paragraph (i) or (ii) above; or
- (iv) agree to or publicly announce any intention to effect any transaction specified in sub-paragraph (i), (ii) or (iii) above, in each case, whether any of the transactions specified in sub-paragraph (i), (ii) or (iii) above is to be settled by delivery of Shares or any other equity securities of the Company, or in cash or otherwise,

provided that the foregoing restrictions shall not apply to:

- (A) any lending of Shares by Swire Pacific pursuant to the Stock Borrowing Agreement;
 - (B) any sale of Shares by the Controlling Shareholders pursuant to the exercise of the Over-allotment Option;
 - (C) any transfer of Shares to any of the Qualifying Swire Pacific Shareholders pursuant to the Swire Pacific Distribution; or
 - (D) any pledge or charge referred to below;
- (b) it will not, during the Second Six-Month Period, enter into any of the transactions specified in paragraphs (a)(i), (a)(ii) or (a)(iii) above or agree to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it ceases to be a controlling shareholder of the Company; and
 - (c) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in paragraph (a)(i), (a)(ii) or (a)(iii) above or agrees to or publicly announce any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

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Each of the Controlling Shareholders has further undertaken to the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters that it will, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date:

- (a) upon any pledge or charge in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or other equity securities of the Company beneficially owned by it for a bona fide commercial loan, immediately inform the Company and the Joint Global Coordinators in writing of such pledge or charge together with the number of Shares or other equity securities of the Company which are so pledged or charged; and
- (b) upon any indication received by it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other equity securities of the Company will be disposed of, immediately inform the Company and the Joint Global Coordinators in writing of such indication.

Indemnity

The Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in the Company

Except for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in the Company or the right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in the Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that the Company will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set out therein, the International Underwriters would severally agree to procure purchasers for, or to purchase, Offer Shares being offered pursuant to the International Offering (excluding, for the avoidance of doubt, the Offer Shares which are subject to the Over-allotment Option). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

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Over-allotment Option

The Controlling Shareholders are expected to grant to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require firstly, JSS to sell up to an aggregate of 58,674,130 Shares and secondly, Swire Pacific to sell up to an aggregate of 77,825,870 Shares, being an aggregate of up to 136,500,000 Shares, representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to, among other things, cover over-allocations in the International Offering, if any.

Commissions and Expenses

The Underwriters will receive a commission of 2.25% (or 0.5% in the case of Offer Shares purchased by a certain cornerstone investor) of the aggregate Offer Price of all the Offer Shares (including Offer Shares sold pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

The Joint Global Coordinators may receive an additional incentive fee of up to 0.25% of the Offer Price of all the Offer Shares (including the Shares sold pursuant to the exercise of the Over-allotment Option but excluding the Offer Shares purchased by a certain cornerstone investor).

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the Joint Global Coordinators and the relevant International Underwriters.

The aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are estimated to amount in aggregate to approximately HK\$611 million (assuming an Offer Price of HK\$21.83 per Share (being the mid-point of the indicative Offer Price range stated in this prospectus) and the full payment of a discretionary incentive fee), shall be borne by the Company, save for the commissions relating to the Offer Shares to be sold by the Controlling Shareholders pursuant to the exercise of the Over-allotment Option, which shall be borne by the Controlling Shareholders, and for certain fees and expenses which shall be borne by the Underwriters.

INDEPENDENCE OF THE JOINT SPONSORS

Each of Goldman Sachs and Morgan Stanley satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

HSBC is not and does not expect to be independent. One of the directors of HSBC, Mr. Christopher D Pratt, is also a Director and is considered as a connected person of the Company.

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ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilising period described in the section headed “Structure of the Global Offering” in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (i) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (ii) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (i) the Hong Kong Public Offering of 45,500,000 Shares (subject to adjustment as mentioned below) for subscription by the public in Hong Kong as described in the sub-section headed “The Hong Kong Public Offering” below; and
- (ii) the International Offering of an aggregate of 864,500,000 Shares (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, and in the United States only to QIBs in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act.

Goldman Sachs, HSBC and Morgan Stanley are the Joint Global Coordinators, Joint Bookrunners and Joint Sponsors of the Global Offering.

CLSA, Goldman Sachs, HSBC, JP Morgan and Morgan Stanley are the Joint Lead Managers of the Global Offering.

Investors may apply for Shares under the Hong Kong Public Offering or apply for or indicate an interest for Shares under the International Offering, but may not do both.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

The Company is initially offering 45,500,000 new Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 5% of the total number of Shares initially available under the Global Offering. Subject to the reallocation of Shares between (i) the International Offering and (ii) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 0.69% of the enlarged issued share capital of the Company immediately after completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the sub-section headed “Conditions of the Global Offering” below.

Allocation

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such

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allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after deducting 3,500,000 Hong Kong Offer Shares available for subscription by Eligible Employees using **PINK** Application Forms and taking account of any reallocations) is to be divided into two pools for allocation purposes: Pool A and Pool B with any odd board lots being allocated to Pool A. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 21,000,000 and 21,000,000, respectively. The Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable). Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 21,000,000 Hong Kong Offer Shares (being 50% of the 45,500,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering after deducting the 3,500,000 Hong Kong Offer Shares available for subscription by Eligible Employees using **PINK** Application Forms) are liable to be rejected.

Employee Preferential Offering

Of the 45,500,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering, 3,500,000 Hong Kong Offer Shares, representing approximately 7.7% of the total number of Shares initially available under the Hong Kong Public Offering and approximately 0.4% of the Offer Shares (excluding any Shares which are the subject of the Over-allotment Option), are available for subscription by Eligible Employees on a preferential basis. Directors of members of the Group and their respective Affiliates may also apply for Hong Kong Offer Shares under the Employee Preferential Offering if they are Eligible Employees. However, they may not apply for Hong Kong Offer Shares as members of the public in the Hong Kong Public Offering. All other Eligible Employees may apply for Hong Kong Offer Shares in the Hong Kong Public Offering and the Employee Preferential Offering. For further details, please refer to the section headed “How to Apply for the Hong Kong Offer Shares” in this prospectus.

A condition will be set out in the **PINK** Application Forms for the Employee Preferential Offering that applications received from Eligible Employees who are directors of members of the Group or their respective Affiliates may be reduced by the Company before allocation of Hong Kong Offer Shares to them and other applicants in the Employee Preferential Offering. This is intended to ensure that the number of Shares held by the public upon completion of the Global Offering would not be below the prescribed minimum required by the Stock Exchange. The reduction is intended to be on a pro rata basis (subject to rounding to the nearest whole number of board lots). Such reduction (if any) will be performed by the Company with the assistance of the Joint Global Coordinators.

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Allocation of Hong Kong Offer Shares under the Employee Preferential Offering will be based on the written guidelines distributed to the Eligible Employees which are consistent with the allocation guidelines contained in Practice Note 20 of the Listing Rules. The allocation of Hong Kong Offer Shares will not be based on the seniority or the length of service of the Eligible Employees. The allocation basis will be determined by the Hong Kong Share Registrar based on the level of valid applications received under the Employee Preferential Offering and the number of Shares applied for within each application tier. The allocation basis will be consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications. Applications made on **PINK** Application Forms for more than 109,000 Hong Kong Offer Shares will be rejected. Any Shares not subscribed by Eligible Employees under the Employee Preferential Offering will be available for subscription by the public under the Hong Kong Public Offering.

Any Director who (or any of whose associates who are Eligible Employees) intends to apply for Offer Shares under the Employee Preferential Offering will not participate in any decision of the Company in relation to the allocation basis for the Employee Preferential Offering.

We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with Rule 10.03 of the Listing Rules in relation to the participation in the Employee Preferential Offering by Directors and their associates who are Eligible Employees.

Further details of the waiver application are set out in the section headed “Waiver from Compliance with the Listing Rules and Exemption from the Companies Ordinance — Employee Preferential Offering” in this prospectus.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached. An application has been made for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules such that, in the event of over-applications in the Hong Kong Public Offering, the Joint Global Coordinators shall apply a clawback mechanism following the closing of the application lists on the following basis:

- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then no Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 45,500,000 Offer Shares, representing 5.0% of the Offer Shares initially available under the Global Offering;
- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of the

STRUCTURE OF THE GLOBAL OFFERING

Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 68,250,000 Offer Shares, representing 7.5% of the Offer Shares initially available under the Global Offering;

- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of the Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 91,000,000 Offer Shares, representing 10.0% of the Offer Shares initially available under the Global Offering; and
- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of the Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 182,000,000 Offer Shares, representing 20.0% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Joint Global Coordinators deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$22.90 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the sub-section headed "Pricing and Allocation" below, is less than the maximum price of HK\$22.90 per Offer Share, appropriate refund payments (including the brokerage,

STRUCTURE OF THE GLOBAL OFFERING

SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed “How to Apply for the Hong Kong Offer Shares” in this prospectus.

THE SWIRE PACIFIC DISTRIBUTION

On Saturday, 17th April 2010, a board committee of Swire Pacific declared a conditional special interim dividend to Qualifying Swire Pacific Shareholders, being registered holders of Swire Pacific Shares whose names appeared on one or both of the registers of members of Swire Pacific on the Record Date. The Swire Pacific Distribution will be satisfied wholly by way of distribution in specie to such Qualifying Swire Pacific Shareholders of an aggregate of 150,462,250 Shares, representing 2.28% of the enlarged issued share capital of the Company immediately after completion of the Global Offering, in proportion to their shareholdings in Swire Pacific as at the Record Date. Pursuant to the Swire Pacific Distribution, qualifying Swire Pacific Shareholders will be entitled to one Share for every ten Swire Pacific ‘A’ Shares held and one Share for every 50 Swire Pacific ‘B’ Shares held as at the Record Date.

The Swire Pacific Distribution is conditional upon the Global Offering becoming unconditional in all respects.

Subject to the Swire Pacific Distribution becoming unconditional, we expect to despatch Share certificates to Qualifying Swire Pacific Shareholders who are entitled to receive Shares under the Swire Pacific Distribution on or before Thursday, 13th May 2010.

Overseas Swire Pacific Shareholders will be entitled to the Swire Pacific Distribution but will not receive the Shares. Instead, the Shares which they would otherwise receive pursuant to the Swire Pacific Distribution will be sold by Swire Pacific on their behalf as soon as reasonably practicable after commencement of dealings in the Shares on the Stock Exchange and they will receive a cash amount equal to the net proceeds of such sale. The proceeds of such sale, net of expenses, will be paid to the Overseas Swire Pacific Shareholders in Hong Kong dollars. Such payment is expected to be made on or before Monday, 24th May 2010.

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

STRUCTURE OF THE GLOBAL OFFERING

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

The International Offering will consist of an initial offering of 864,500,000 Offer Shares, representing approximately 95% of the total number of Offer Shares initially available under the Global Offering.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in the sub-section headed “Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and its shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Over-allotment Option

The Controlling Shareholders are expected to grant to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require firstly, JSS to sell up to an aggregate of 58,674,130 Shares and secondly, Swire Pacific to sell up to an aggregate of 77,825,870 Shares, being an aggregate of up to 136,500,000 Shares, representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to, among other things, cover over-allocations in the International Offering, if any. In the event that the Over-allotment Option is exercised, a press announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in

STRUCTURE OF THE GLOBAL OFFERING

the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it, as stabilising manager, on behalf of the Underwriters, may effect transactions with a view to stabilising or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager, its affiliates or any persons acting for it, to conduct any such stabilising action. Such stabilisation action, if commenced, may be discontinued at any time, and is required to be brought to an end after a limited period. Should stabilising transactions be effected in connection with the Global Offering, this will be at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it. The Underwriting Agreements provide that the net profits, if any, resulting from stabilisation actions shall be shared by the Underwriters with the Company.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilising Manager, its affiliates or any person acting for it may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time or period for which the Stabilising Manager, its affiliates or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilising Manager, its affiliates or any person acting for it may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date, and is expected to expire on Saturday, 5th June 2010, being the 30th day after the date of closing of the application lists under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and

STRUCTURE OF THE GLOBAL OFFERING

- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Over-Allocation

Following any over-allocation of Shares in connection with the Global Offering, the Joint Global Coordinators, their affiliates or any person acting for them may cover such over-allocation by (among other methods) using Shares purchased by the Stabilising Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or through the stock borrowing arrangements mentioned below or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilisation, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold pursuant to the exercise in full of the Over-allotment Option, being 136,500,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, Goldman Sachs International, an affiliate of the Stabilising Manager, may choose to borrow up to 136,500,000 Shares from Swire Pacific pursuant to the Stock Borrowing Agreement. The stock borrowing arrangements under the Stock Borrowing Agreement will comply with the requirements set out in Listing Rule 10.07(3).

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Friday, 7th May 2010 and in any event on or before Thursday, 13th May 2010, by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and the Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price per Offer Share under the Hong Kong Public Offering will be based on the Hong Kong dollar price per Offer Share under the International Offering, as determined by the Joint Global Coordinators (on behalf of the Underwriters) and the Company. The Offer Price per Offer Share under the Hong Kong Public Offering will be fixed at the Hong Kong dollar amount which, when increased by the 1% brokerage, 0.004% SFC transaction levy and 0.005% Stock Exchange trading fee payable thereon, is (subject to any necessary rounding) effectively equivalent to the Hong Kong dollar price per Offer Share under the International Offering. The SFC transaction levy and Stock Exchange trading fee otherwise payable by investors in the International Offering on Offer Shares purchased by them will be paid by the Company.

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The Offer Price will not be more than HK\$22.90 per Offer Share and is expected to be not less than HK\$20.75 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Global Coordinators (on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of the Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) and on the website of the Company (www.swireproperties.com) and the website of the Stock Exchange (www.hkexnews.hk) notices of the reduction. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon with the Company and the Joint Global Coordinators (on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 5% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of and results of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Thursday, 13th May 2010 in the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) and on the website of the Company (www.swireproperties.com) and the website of the Stock Exchange (www.hkexnews.hk).

STRUCTURE OF THE GLOBAL OFFERING

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to the Company and the Joint Global Coordinators (on behalf of the Underwriters) agreeing on the Offer Price.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarised in the section headed “Underwriting” in this prospectus.

CONDITIONS OF GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (ii) the Offer Price having been duly agreed between the Company and the Joint Global Coordinators (on behalf of the Underwriters) on the Price Determination Date;
- (iii) the execution and delivery of the International Underwriting Agreement on the Price Determination Date; and
- (iv) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between the Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before Thursday, 13th May 2010, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company in the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in

STRUCTURE OF THE GLOBAL OFFERING

the section headed “How to Apply for the Hong Kong Offer Shares — Despatch/Collection of Share Certificates/e-Refund Payment Instructions/Refund Cheques” in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates issued in respect of the Hong Kong Offer Shares and the Shares which Qualifying Swire Pacific Shareholders are entitled to receive pursuant to the Swire Pacific Distribution will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering.

No part of the Company’s share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the shares to be admitted into the Central Clearing and Settlement System, or CCASS, established and operated by the Hong Kong Securities Clearing Company, or HKSCC. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 14th May 2010, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:30 a.m. on Friday, 14th May 2010.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

There are three ways to make an application for the Hong Kong Offer Shares. You may either (i) use a **WHITE** or **YELLOW** Application Form; (ii) apply online through the designated website of the White Form eIPO Service Provider, referred to herein as the “**White Form eIPO**” service; or (iii) give **electronic application instructions** to instruct HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf.

Eligible Employees may also make an application for the Hong Kong Offer Shares by using a **PINK** Application Form.

Except where you are a nominee and provide the required information in your application, you or your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** Application Form or applying online through **White Form eIPO** service or by giving **electronic application instructions** to HKSCC.

I. HOW TO APPLY FOR HONG KONG OFFER SHARES

1. Who Can Apply for Hong Kong Offer Shares

You can apply for the Hong Kong Offer Shares available for subscription by the public on a **WHITE** or **YELLOW** Application Form if you, and any person(s) for whose benefit you are applying, if any, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are not within the United States (within the meaning of Regulation S) or are a person described in paragraph h(3) of Rule 902 of Regulation S; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you wish to apply for Hong Kong Offer Shares online through the **White Form eIPO** service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

If the applicant is a firm, the application must be in the names of the individual members, not the firm’s name. If the applicant is a body corporate, the application form must be signed by a duly authorised officer, who must state his or her representative capacity.

If an application is made by a person duly authorised under a valid power of attorney, the Company and the Joint Global Coordinators, as the Company’s agents, may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney. The Company and the Joint Global Coordinators, as the Company’s agents, will have full discretion to reject or accept any application, in full or in part, without giving any reason.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

The number of joint applicants may not exceed four (except for applications made using the **PINK** Application Form(s) where no joint application will be permitted).

You may only apply by means of the **White Form eIPO service if you are an individual applicant. Corporations or joint applicants may not apply by means of White Form eIPO.**

The Company, the Joint Global Coordinators, the White Form eIPO Service Provider (where applicable) and their respective agents have full discretion to reject or accept any application, in full or in part, without giving any reason.

The Hong Kong Offer Shares are not available to the existing beneficial owner of Shares (being, Swire Pacific), the Directors or chief executive or their respective associates or any other connected persons of the Company or persons who will become the Company's connected persons immediately upon completion of the Global Offering (except Eligible Employees who are directors of members of the Group or Affiliates of such directors, who may apply for Shares under the Employee Preferential Offering only) or are within the United States (within the meaning of Regulation S) (other than a person described in paragraph h(3) of Rule 902 of Regulation S) or persons who do not have a Hong Kong address or legal or natural persons of the PRC (except qualified domestic institutional investors).

2. Applying By Using An Application Form

Which Application Form to Use

Use a **WHITE** Application Form if you want the Hong Kong Offer Shares issued in your own name.

Use a **YELLOW** Application Form if you want the Hong Kong Offer Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

Use a **PINK** Application Form if you are an Eligible Employee and want the Hong Kong Offer Shares to be registered in your own name and want your application to be given preferential consideration. 3,500,000 Shares under the Hong Kong Public Offering (representing approximately 7.7% of the Hong Kong Offer Shares initially available for subscription under the Hong Kong Public Offering and 0.4% of the Offer Shares) are available for subscription by Eligible Employees. Joint applications are not permitted. You may not apply on behalf of other person(s) as a nominee.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and this prospectus during normal business hours from 9:00 a.m. on Monday, 3rd May 2010 until 12:00 noon on Thursday, 6th May 2010 from:

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

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

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

or any of the following branches of The Hongkong and Shanghai Banking Corporation Limited, Bank of China (Hong Kong) Limited and Standard Chartered Bank (Hong Kong) Limited:

(a) The Hongkong and Shanghai Banking Corporation Limited

	<u>Branch Name</u>	<u>Address</u>
Hong Kong Island....	Hong Kong Office	Level 3, 1 Queen's Road Central, Hong Kong
	Aberdeen Centre Branch	Shop 2, G/F, Site I, Aberdeen Centre, Aberdeen, Hong Kong
	Chai Wan Branch	Shop No. 1-11, Block B, G/F, Walton Estate, Chai Wan, Hong Kong
Kowloon	Mei Foo Sun Chuen Branch	79, Broadway Stage 4, Mei Foo Sun Chuen, Kowloon
	Mong Kok Branch	L/G & U/G, 673 Nathan Road, Mong Kok, Kowloon
	Hung Hom Branch	G/F, Hung Hom Commercial Centre, 37-39 Ma Tau Wai Road, Hung Hom, Kowloon
New Territories	Maritime Square Branch	Shop 308F, Level 3, Maritime Square, Tsing Yi, New Territories
	Shatin Branch	Shop No. 30D, Level 3, Shatin Centre Shopping Arcade, Sha Tin, New Territories
	Sunshine City Plaza Branch	Shop No. 3010, Level 3, Sunshine City Plaza, Ma On Shan, New Territories

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

(b) Bank of China (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island ...	Bank of China Tower Branch	3/F, 1 Garden Road
	Central District (Wing On House) Branch	71 Des Voeux Road Central
	Taikoo Shing Branch	Shop G1006, Hoi Sing Mansion, Taikoo Shing
Kowloon	Kwun Tong Branch	20-24 Yue Man Square, Kwun Tong
	Mong Kok (President Commercial Centre) Branch	608 Nathan Road, Mong Kok
	Whampoa Garden Branch	Shop G8B, Site 1, Whampoa Garden, Hung Hom
New Territories	Tuen Mun Town Plaza Branch	Shop 2, Tuen Mun Town Plaza Phase II
	Kau Yuk Road Branch	18-24 Kau Yuk Road, Yuen Long
	Metro City Branch	Shop 209, Level 2, Metro City Phase 1, Tseung Kwan O

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

(c) Standard Chartered Bank (Hong Kong) Limited

Branch Name	Address
Hong Kong Island ... Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central
Wanchai Southorn Branch	Shop C2 on G/F and 1/F, Lee Wing Building, No. 156-162 Hennessy Road, Wanchai
Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
North Point Centre Branch	North Point Centre, 284 King's Road, North Point
Kowloon Tsimshatsui Branch	G/F, 10 Granville Road, Tsimshatsui
San Po Kong Branch	Shop A, G/F, Perfect Industrial Building, 31 Tai Yau Street, San Po Kong
New Territories Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan
Tai Po Branch	23 & 25 Kwong Fuk Road, Tai Po Market, Tai Po

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on Monday, 3rd May 2010 until 12:00 noon on Thursday, 6th May 2010 from:

- the Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong; or
- your stockbroker, who may have such Application Forms and this prospectus available.

Each Eligible Employee can collect a **PINK** Application Form and this prospectus during normal business hours from 9:00 a.m. on Monday, 3rd May 2010 until 12:00 noon on Wednesday, 5th May 2010 from one of the following centres/offices of the Company to which he or she belongs:

- 64th Floor, One Island East, 18 Westlands Road, Island East, Hong Kong
- 13/F, One Pacific Place, 88 Queensway, Hong Kong
- Suite 505, One Citygate, 20 Tat Tung Road, Tung Chung, Lantau Island, Hong Kong
- Suite 308, Festival Walk, 80 Tat Chee Avenue, Kowloon, Hong Kong
- 18-19/F, One Island East, 18 Westlands Road, Island East, Hong Kong
- Shop 133, 1/F, Island Place, 500 King's Road, Hong Kong
- Shop P402, Stage 4 Podium, Taikoo Shing, Hong Kong
- G/F, Tang Kung Mansion, Taikoo Shing, Hong Kong
- People Development Department, Suites 2701-05, Cityplaza One, 1111 King's Road, Island East, Hong Kong
- People Development Department, 37/F, The Upper House, Pacific Place, 88 Queensway, Hong Kong
- People Development Department, Suite 2716, Cityplaza One, 1111 King's Road, Island East, Hong Kong

How to Complete the Application Form

- (i) Obtain an Application Form as described in the sub-section headed "Where to Collect the Application Forms" above.
- (ii) Complete the Application Form in ink and sign it. There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying cheque or banker's cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk to the address stated in the Application Form.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- (iii) Each Application Form must be accompanied by payment, in the form of either one cheque or one banker's cashier order. You should read the detailed instructions set out in the Application Form carefully as an application is liable to be rejected if the cheque or banker's cashier order does not meet the requirements set out in the Application Form.
- (iv) Lodge the **WHITE** or **YELLOW** Application Form in one of the collection boxes by the time and at one of the locations as described in sub-section headed "Where to Collect the Application Forms" above.
- (v) If you are applying for Shares using a **PINK** Application Form, you should return your Application Form to the Human Resources & Administration Department of the Company by the time and at the location as described in sub-section headed "When May Applications be Made" below.

In order for the **YELLOW** Application Forms to be valid:

- (i) **If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):**
 - the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.
- (ii) **If the application is made by an individual CCASS Investor Participant:**
 - the Application Form must contain the CCASS Investor Participant's name and Hong Kong Identity Card number; and
 - the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.
- (iii) **If the application is made by a joint individual CCASS Investor Participant:**
 - the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong Identity Card numbers; and
 - the participant I.D. must be inserted in the appropriate box in the Application Form.
- (iv) **If the application is made by a corporate CCASS Investor Participant:**
 - the Application Form must contain the CCASS Investor Participant's company name and Hong Kong Business Registration number; and
 - the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of participant I.D. or other similar matters may render the application invalid.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked “For nominees” account numbers or other identification codes for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner.

If your application is made through a duly authorised attorney, the Company and the Joint Global Coordinators, as the Company’s agents, may accept it at the Company’s discretion, and subject to any conditions the Company thinks fit, including evidence of the authority of your attorney. The Company and the Joint Global Coordinators, as the Company’s agents, will have full discretion to reject or accept any application, in full or in part, without giving any reason.

3. Applying Through White Form eIPO

General

- (a) If you are an individual and meet the criteria set out in sub-section headed “Who Can Apply for the Hong Kong Offer Shares” above, you may apply through **White Form eIPO** by submitting an application through the designated website at www.eipo.com.hk. If you apply through White Form eIPO, the Offer Shares will be issued in your own name.
- (b) Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at www.eipo.com.hk. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the White Form eIPO Service Provider and may not be submitted to the Company.
- (c) In addition to the terms and conditions set out in this prospectus, the White Form eIPO Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at www.eipo.com.hk. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.
- (d) By submitting an application to the White Form eIPO Service Provider through the **White Form eIPO** service, you are deemed to have authorised the White Form eIPO Service Provider to transfer the details of your application to the Company and the Hong Kong Share Registrar.
- (e) You may submit an application through the **White Form eIPO** service in respect of a minimum of 200 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 200 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at www.eipo.com.hk.
- (f) You may submit your application to the White Form eIPO Service Provider through the designated website at www.eipo.com.hk from 9:00 a.m. on Monday, 3rd May 2010 until 11:30 a.m. on Thursday, 6th May 2010 or such later time as described in the sub-section headed “When May Applications Be Made — Effect of Bad Weather on the Opening of the Application Lists” below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 6th May 2010, the last application day, or, if the application

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lists are not open on that day, then by the time and date stated in the sub-section headed “— When May Applications Be Made — Effect of Bad Weather on the Opening of the Application Lists” below.

- (g) You will not be permitted to submit your application to the White Form eIPO Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m. on Thursday, 6th May 2010, you will be permitted to continue the application process (by completing full payment of application monies) until 12:00 noon on the last day for submitting applications (that is Thursday, 6th May 2010), when the application lists close. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Thursday, 6th May 2010, or such later time as described in the sub-section headed “When May Applications Be Made — Effect of Bad Weather on the Opening of the Application Lists” below, the White Form eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at www.eipo.com.hk.
- (h) Warning: The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the White Form eIPO Service Provider to public investors. The Company, the Directors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters and the White Form eIPO Service Provider take no responsibility for such applications, and provide no assurance that applications through the **White Form eIPO** service will be submitted to the Company or that you will be allotted any Hong Kong Offer Shares.

Environmental Protection

The advantage of **White Form eIPO** is that it saves paper. Computershare Hong Kong Investor Services Limited, being the designated White Form eIPO Service Provider, has indicated that it will contribute HK\$2 for each “SWIRE PROPERTIES LIMITED” **White Form eIPO** application submitted via www.eipo.com.hk to support the funding of “Source of DongJiang — Hong Kong Forest” project initiated by Friends of the Earth (HK).

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **White Form eIPO** service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your electronic application instructions. In the event that you have problems connecting to the designated website for the **White Form eIPO** service, you should submit a **WHITE** Application Form. However, once you have submitted electronic application instructions and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** Application Form. See the sub-section headed “How Many Applications You May Make” below.

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Additional Information

For the purposes of allocating Hong Kong Offer Shares, each applicant giving electronic application instructions through **White Form eIPO** service to the White Form eIPO Service Provider through the designated website at www.eipo.com.hk will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the White Form eIPO Service Provider, the White Form eIPO Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the White Form eIPO Service Provider on the designated website at www.eipo.com.hk.

4. Applying By Giving Electronic Application Instructions to HKSCC

General

CCASS Participants may give **electronic application instructions** via CCASS to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F, Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form. Prospectuses are available for collection from the above address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to the Company and the Hong Kong Share Registrar.

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Application for Hong Kong Offer Shares by HKSCC Nominees on your behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given electronic application instructions to apply for the Hong Kong Offer Shares:

- (i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees does the following things on behalf of each such person:
 - agrees that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;
 - undertakes and agrees to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;
 - undertakes and confirms that that person has not applied for or taken up any Offer Shares under the International Offering nor otherwise participated in the International Offering;
 - (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit;
 - (if that person is an agent for another person) declares that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;
 - understands that the above declaration will be relied upon by the Company, the Directors and the Joint Global Coordinators in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;
 - authorises the Company to place the name of HKSCC Nominees on the Company's register of members as the holder of the Hong Kong Offer Shares allotted in respect of that person's **electronic application instructions** and to send Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between the Company and HKSCC;
 - confirms that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;

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- confirms that that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf and will not rely on any other information and representations, save as set out in any supplement to this prospectus, and that person agrees that none of the Company, the Directors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters and any of the parties involved in the Global Offering will have any liability for any such other information or representation;
- agrees that the Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters and any of their respective directors, officers, employees, partners, agents or advisors are liable only for the information and representations contained in this prospectus and any supplement thereto;
- agrees to disclose that person's personal data to the Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters and any of their respective advisers and agents and any information which they may require about that person for whose benefit the application is made;
- agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees is accepted, the application cannot be rescinded for innocent misrepresentation;
- agrees that any application made by HKSCC Nominees on behalf of that person pursuant to the **electronic application instructions** given by that person is irrevocable before Wednesday, 2nd June 2010, such agreement to take effect as a collateral contract with the Company and to become binding when that person gives the **electronic application instructions** and such collateral contract to be in consideration of the Company agreeing that the Company will not offer any Hong Kong Offer Shares to any person before Wednesday, 2nd June 2010, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day) if a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;
- agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by the Company;
- agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;

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- agrees with the Company, for the Company and for the benefit of each Shareholder (and so that the Company will be deemed by the Company's acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for the Company and on behalf of each Shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance and the Articles of Association; and
- agrees that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer Price is less than the initial price per Offer Share paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Stock Exchange trading fee, by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Minimum Subscription Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 200 Hong Kong Offer Shares. Such instructions in respect of more than 200 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application may be rejected.

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

Section 40 of the Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance.

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Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The application for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. The Company, the Directors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 6th May 2010 or such later time as described in the sub-section headed “When May Applications Be Made — Effect of Bad Weather on the Opening of the Application Lists” below.

II. WHEN MAY APPLICATIONS BE MADE

1. Application on **WHITE** or **YELLOW** Application Forms

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Thursday, 6th May 2010, or, if the application lists are not open on that day, then by the time and date stated in the sub-section headed “Effect of Bad Weather on the Opening of the Application Lists” below.

Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of The Hongkong and Shanghai Banking Corporation Limited, Bank of China (Hong Kong) Limited and Standard Chartered Bank (Hong Kong) Limited listed above in the sub-section headed “Applying by Using an Application Form — Where to Collect the Application Forms” at the specified times on the following dates:

Monday, 3rd May 2010 — 9:00 a.m. to 4:30 p.m.
Tuesday, 4th May 2010 — 9:00 a.m. to 4:30 p.m.
Wednesday, 5th May 2010 — 9:00 a.m. to 4:30 p.m.
Thursday, 6th May 2010 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 6th May 2010.

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No proceedings will be taken on applications for the Hong Kong Offer Shares and no allotment of any such Hong Kong Offer Shares will be made until after the closing of the application lists.

2. Application on PINK Applications Forms

Completed **PINK** Application Forms, together with payment attached, must be returned to the Human Resources & Administration Department of the Company at 64th Floor, One Island East, 18 Westlands Road, Island East, Hong Kong by 12:00 noon on Wednesday, 5th May 2010.

3. White Form eIPO

You may submit your application to the White Form eIPO Service Provider through the designated website at www.eipo.com.hk from 9:00 a.m. Monday, 3rd May 2010 until 11:30 a.m. on Thursday, 6th May 2010 or such later time as described in the sub-section headed “Effect of Bad Weather on the Opening of the Application Lists” below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 6th May 2010, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the sub-section headed “Effect of Bad Weather on the Opening of the Application Lists” below. You will not be permitted to submit your application to the White Form eIPO Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

4. Electronic Application Instructions to HKSCC via CCASS

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Monday, 3rd May 2010 — 9:00 a.m. to 8:30 p.m.⁽¹⁾
Tuesday, 4th May 2010 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, 5th May 2010 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday, 6th May 2010 — 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 3rd May 2010 until 12:00 noon on Thursday, 6th May 2010 (24 hours daily, except on the last application day).

The latest time for inputting **electronic application instructions** via CCASS will be 12:00 noon on Thursday, 6th May 2010, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the sub-section headed “Effect of Bad Weather on the Opening of the Application Lists” below.

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5. Effect of Bad Weather on the Opening of the Application Lists

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 6th May 2010. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists of the Hong Kong Public Offering do not open and close on Thursday, 6th May 2010 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong on the other dates mentioned in “Expected Timetable,” such dates mentioned in “Expected Timetable” may be affected. An announcement will be made in such event.

III. HOW MANY APPLICATIONS MAY YOU MAKE

Multiple applications or suspected multiple applications are liable to be rejected.

You may make more than one application for the Hong Kong Offer Shares only if you are a nominee, in which case you may give both electronic application instructions to HKSCC (if you are a CCASS Participant) and lodge more than one Application Form in your own name on behalf of different beneficial owners. In the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code

for **each** beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

If you are an Eligible Employee applying for Shares by using a **PINK** Application Form, you may (unless you are a director of any member of the Group or an Affiliate of any such director) also make one application for Hong Kong Offer Shares either on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC via CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or submit an application through the White Form eIPO Service Provider www.eipo.com.hk. If you are an Eligible Employee and a director of a member of the Group (or an Affiliate of such director), you may only apply for Hong Kong Offer Shares pursuant to the Employee Preferential Offering and may therefore only apply for Shares using a **PINK** Application Form.

Otherwise, multiple applications are not allowed and will be rejected.

If you have made an application by giving **electronic application instructions** to HKSCC and you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be

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automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

If you apply by means of the **White Form eIPO**, once you complete payment in respect of any electronic application instruction given by you or for your benefit to the White Form eIPO Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under the **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service by giving electronic application instructions through the designated website at www.eipo.com.hk and completing payment in respect of such electronic application instructions, or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

It will be a term and condition of all applications that by completing and delivering a **WHITE** or **YELLOW** Application Form or submitting an **electronic application instruction**, you:

- (if the application is made for your own benefit) warrant that the application made pursuant to a **WHITE** or **YELLOW** Application Form or by **electronic application instructions** is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider through **White Form eIPO** service;
- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider through **White Form eIPO** service, and that you are duly authorised to sign the Application Form or give **electronic application instructions** as that other person's agent.

Save as referred to above, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider through **White Form eIPO** service; or
- both apply (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider through **White Form eIPO** service; or

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- apply on one **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider through **White Form eIPO** service for more than 21,000,000 Hong Kong Offer Shares (being 50% of the 45,500,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering after deducting the 3,500,000 Hong Kong Offer Shares available for subscription by Eligible Employees using **PINK** Application Forms);
- have indicated an interest for or have been or will be placed any of the International Offer Shares under the International Offering.

All of your applications (other than your application on a **PINK** Application Form) will also be rejected as multiple applications if more than one application is made for **your benefit** (including the part of an application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

“**Unlisted company**” means a company with no equity securities listed on the Stock Exchange.

“**Statutory control**” means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

All your applications made on **PINK** Application Forms will be rejected as multiple applications if you make more than one application on a **PINK** Application Form.

IV. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set out in the notes attached to the Application Forms (whether you are making your application by an Application Form or giving electronic application instruction to HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which the Shares will not be allotted to you:

- **If your application is revoked:**

By completing and submitting an Application Form or submitting an **electronic application instruction**, you agree that your application or the application made by HKSCC Nominees or to the White Form eIPO Service Provider through **White Form eIPO** service on your

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behalf cannot be revoked before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day), unless a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

This agreement will take effect as a collateral contract with the Company and will become binding when you lodge your Application Form or give your electronic application instruction to HKSCC or the White Form eIPO Service Provider and an application has been made by HKSCC Nominees on your behalf. This collateral contract will be in consideration of the Company agreeing that the Company will not offer any Hong Kong Offer Shares to any person on or before Wednesday, 2nd June 2010, except by means of one of the procedures referred to in this prospectus.

If your application or the application made by HKSCC Nominees on your behalf or to the White Form eIPO Service Provider through **White Form eIPO** service has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

- **Full discretion of the Company, the Joint Global Coordinators, the White Form eIPO Service Provider or the Company's or their respective agents or nominees to reject or accept:**

The Company, the Joint Global Coordinators, the White Form eIPO Service Provider and the Company's or their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

- **If your allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** to HKSCC or apply by a **YELLOW** Application Form) will be void if the listing committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing of the applications lists; or
 - within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.
- **You will not receive any allotment if:**
 - you make multiple applications or are suspected of making multiple applications;

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- you or the person for whose benefits you apply for have taken up or indicated an interest or applied for or received or have been or will be placed or allocated (including conditionally and/or provisionally) International Offer Shares under the International Offering. By filling in any of the Application Forms or submitting an electronic application instruction to HKSCC via CCASS or applying by **White Form eIPO** via the White Form eIPO Service Provider, you agree not to apply for or indicate an interest for Offer Shares in the International Offering. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering;
- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored upon its first presentation;
- your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at www.eipo.com.hk;
- you apply for more than 21,000,000 Hong Kong Offer Shares, being 50% of the 45,500,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering after deducting the 3,500,000 Hong Kong Offer Shares available for subscription by Eligible Employees using **PINK** Application Forms;
- you apply for more than 109,000 Hong Kong Offer Shares using a **PINK** Application Form;
- the Company believes that by accepting your application, the Company would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is received or your address is located;
- the Underwriting Agreements do not become unconditional; or
- the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement are/is terminated in accordance with their respective terms.

You should also note that you may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest for Offer Shares under the International Offering, but may not do both.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

V. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK\$22.90 per Hong Kong Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%. This means that for every board lot of 200 Hong Kong Offer Shares you will pay HK\$4,626.21. The Application Forms have tables showing the exact amount payable for the numbers of Hong Kong Offer Shares that may be applied for.

When you apply for the Hong Kong Offer Shares, you must pay the maximum Offer Price, together with brokerage, SFC transaction levy and Stock Exchange trading fee in full. You must pay the amount payable upon application for Hong Kong Offer Shares by one cheque or one banker's cashier order in accordance with the terms set out in the Application Form (if you apply by an Application Form) or this prospectus.

If your application is successful, brokerage is paid to the Stock Exchange or its participants (as the case may be), the SFC transaction levy is paid to the Stock Exchange collecting on behalf of the SFC and the Stock Exchange trading fee is paid to the Stock Exchange.

VI. PUBLICATION OF RESULTS

The Company expects to announce the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, 13th May 2010 in the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese), on the website of the Stock Exchange (www.hkexnews.hk) and on the Company's website (www.swireproperties.com).

In addition, the Company expects to announce the results of allocations and the Hong Kong Identity Card/passport/Hong Kong Business Registration numbers of successful applicants under the Hong Kong Public Offering at the times and date and in the manner specified below:

- Results of allocations for the Hong Kong Public Offering will be available from the Company's designated results of allocations website at www.iporesults.com.hk on a 24-hour basis from 8:00 a.m. on Thursday, 13th May 2010 to 12:00 midnight on Wednesday, 19th May 2010. The user will be required to key in the Hong Kong Identity Card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;
- Results of allocations will be available from the Company's Hong Kong Public Offering allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Thursday, 13th May 2010 to Sunday, 16th May 2010; and
- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Thursday, 13th May 2010 to Saturday, 15th May 2010 and at all the receiving bank branches and sub-branches at the addresses set out in the sub-section headed "Applying by Using an Application Form — Where to Collect the Application Forms" above.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

VII. DESPATCH/COLLECTION OF SHARE CERTIFICATES/e-REFUND PAYMENT INSTRUCTIONS/REFUND CHEQUES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the initial price per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable thereon) paid on application, or if the conditions of the Hong Kong Public Offering as set out in the section headed “Structure of the Global Offering — Conditions of the Global Offering” in this prospectus are not fulfilled or if any application is revoked or any allocation pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

No temporary documents of title will be issued in respect of the Hong Kong Offer Shares. No receipt will be issued for sums paid on application.

If you apply by **WHITE** or **YELLOW** or **PINK** Application Form, subject as mentioned below, in due course, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified in the application:

- (a) (i) Share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful or (ii) Share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful (for wholly and partially successful applicants on **YELLOW** Application Forms, Share certificate(s) for the Hong Kong Offer Shares successfully applied for will be deposited into CCASS as described below); and/or
- (b) refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful or (ii) all the application monies, if the application is wholly unsuccessful and/ or (iii) the difference between the Offer Price and the initial price per Offer Share paid on application in the event that the Offer Price is less than the initial price per Offer Share paid on application, in each case including brokerage of 1.0%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, without interest.

Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third-party for refund purposes. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Subject as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the initial price per Offer Share paid on application in the event that the Offer Price is less than the initial price per Offer Share paid on application and Share certificate(s) for successful applicants under **WHITE** or **PINK** Application Forms or **White Form eIPO** service are expected to be posted on or before Thursday, 13th May 2010. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s).

If you apply by giving **electronic application instructions** to HKSCC, and your application is wholly or partially successful:

- (a) your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account at the close of business on Thursday, 13th May 2010 or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees; and
- (b) refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the initial price per Hong Kong Offer Share paid on application, in each case including the related brokerage of 1.0%, SFC transaction levy of 0.004%, and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 13th May 2010. No interest will be paid thereon.

If you apply using a **WHITE** Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more and have indicated in your **WHITE** Application Form that you wish to collect refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) in person, you may collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 13th May 2010, or any other place or date notified by the Company in the newspapers as the place or date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, your authorised representative must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited.

If you do not collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) personally within the time period specified for collection, they will be despatched promptly to you by ordinary post to the address as specified in your Application Form at your own risk.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

If you apply for less than 1,000,000 Shares or if you have applied for 1,000,000 Shares or more but have not indicated in your Application Form that you wish to collect your Share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) in person, or if your application is rejected, nor accepted or accepted in part only, or if the conditions of the Hong Kong Public Offering as set out in the section headed “Structure of the Global Offering — Conditions of the Global Offering” in this prospectus are not fulfilled, or if your application is revoked or any allotment pursuant thereto has become void, your Share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) will be sent to the address on your Application Form on Thursday, 13th May 2010 by ordinary post and at your own risk.

If you apply using a **YELLOW** Application Form:

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form at the close of business on Thursday, 13th May 2010 or in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant), for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, the Company expects to announce the results of CCASS Investor Participants’ applications together with the results of the Hong Kong Public Offering on Thursday, 13th May 2010 in the manner as described in the sub-section headed “Publication of Results” above. You should check the announcement made by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 13th May 2010 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account, you can check the number of Hong Kong Offer Shares allocated to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account.

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you apply for 1,000,000 Hong Kong Offer Shares or more and have not indicated on your **YELLOW** Application Form that you will collect your refund cheque(s) (if any) in person, or if you have applied for less than 1,000,000 Hong Kong Offer Shares, or if your application is rejected, nor accepted or accepted in part only, or if the conditions of the Hong Kong Public Offering as set out in the section headed “Structure of the Global Offering — Conditions of the Global Offering” in this prospectus are not fulfilled, or if your application is revoked or any allotment pursuant thereto has become void your refund cheque(s) (if any) will be sent to the address on your **YELLOW** Application Form by ordinary post and at your own risk on Thursday, 13th May 2010.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

If you apply using a **PINK** Application Form:

Share certificate(s) and/or refund cheque(s) (where applicable) will be sent to the address on your Application Form on Thursday, 13th May 2010 by ordinary post and at your own risk.

If you apply through **White Form eIPO**:

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the White Form eIPO Service Provider through the designated website www.eipo.com.hk and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 13th May 2010, or any other date notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the White Form eIPO Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions to the White Form eIPO Service Provider on Thursday, 13th May 2010, by ordinary post and at your own risk.

If you apply through the **White Form eIPO** service and paid the application monies from a single bank account, refund monies (if any) will be despatched to the your application payment bank account in the form of e-Refund payment instructions. If you apply through **White Form eIPO** service and paid the application monies from multiple bank accounts, refund monies (if any) will be despatched to the address as specified on the your **White Form eIPO** application in the form of refund cheque(s), by ordinary post at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the White Form eIPO Service Provider set out in the sub-section headed "Applying Through White Form eIPO — Additional Information" above.

If you apply by giving electronic application instructions to HKSCC via CCASS:

The Company expects to publish the application results of the Hong Kong Public Offering including the results of CCASS Participants' applications (and in the case of CCASS Clearing Participants and CCASS Custodian Participants, the Company shall include information relating to the beneficial owner, if supplied), your Hong Kong identity card/passport/Hong Kong business registration number or other identification code (Hong Kong Business Registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the newspapers on Thursday, 13th May 2010. You should check the announcement made by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 13th May 2010 or such other date as shall be determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 13th May 2010. Immediately after the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

VIII. REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reason, the Company will refund your application monies, including brokerage of 1.0%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%. No interest will be paid thereon.

If your application is accepted only in part, the Company will refund to you the appropriate portion of your application monies (including the related brokerage of 1.0%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%) without interest.

If the Offer Price as finally determined is less than the initial price per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) paid on application, the Company will refund to you the surplus application monies, together with the related brokerage of 1.0%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, without interest.

All such interest accrued prior to the date of despatch of e-Refund payment instructions/refund cheques will be retained for the Company's benefit.

In a contingency situation involving a substantial over-subscription, at the discretion of the Company and the Joint Global Coordinators, cheques for applications (on Application Forms) for certain small denominations of Hong Kong Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Thursday, 13th May 2010 in accordance with the various arrangements as described above.

IX. DEALINGS AND SETTLEMENT

Commencement of Dealings in the Shares

Dealings in the Shares on the Stock Exchange are expected to commence on Friday, 14th May 2010.

The Shares will be traded in board lots of 200 each. The stock code of the Shares is 962.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Shares will be Eligible for Admission into CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements will affect their rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

The following is the text of a report received from the Company's auditor and reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

3rd May 2010

The Directors
Swire Properties Limited

Goldman Sachs Asia L.L.C.
The Hongkong and Shanghai Banking Corporation Limited
Morgan Stanley Asia Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) of Swire Properties Limited (the “Company”) and its subsidiaries (together, the “Group”) set out in Sections I to III below, for inclusion in the prospectus of the Company dated 3rd May 2010 (the “Prospectus”) in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. The Financial Information comprises the consolidated statements of financial position as at 31st December 2007, 2008 and 2009, the statements of financial position of the Company as at 31st December 2007, 2008 and 2009 and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31st December 2007, 2008 and 2009 (the “Relevant Periods”), and a summary of significant accounting policies and other explanatory notes.

The Company was incorporated in Hong Kong on 3rd November 1972 with limited liability under the Hong Kong Companies Ordinance. As at the date of this report, the Company has direct and indirect interests in the subsidiary, associated and jointly controlled companies as set out in Note 45 of Section II below. All of these companies are private companies. All subsidiary companies have adopted 31st December as their financial year end date.

The consolidated financial statements of the Company for each of the years ended 31st December 2007, 2008 and 2009 (the “Underlying Financial Statements”) were prepared by the directors of the Company in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The names of the auditors of the financial statements of the Company’s subsidiary, associated and joint controlled companies were set out in Note 45 of Section II below.

The Financial Information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

Directors' responsibility

The directors of the Company are responsible for the preparation and the true and fair presentation of Underlying Financial Statements and the Financial Information in accordance with HKFRSs issued by the HKICPA. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial information 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.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Financial Information based on our examination and to report our opinion to you. We examined the Underlying Financial Statements used in preparing the Financial Information, and carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Opinion

In our opinion, the Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of the Company and the Group as at 31st December 2007, 2008 and 2009 and of the Group's results and cash flows for the Relevant Periods.

I. FINANCIAL INFORMATION

(a) Consolidated Income Statements

	Note	2007	2008	2009
		HK\$M	HK\$M	HK\$M
Turnover.....	5	5,819	7,057	8,192
Cost of sales	6	(1,262)	(1,478)	(2,080)
Gross profit.....		4,557	5,579	6,112
Administrative expenses		(498)	(646)	(707)
Other operating expenses.....		(80)	(101)	(108)
Other net gains.....	7	64	28	136
Change in fair value of investment properties.....	17	19,420	358	14,407
Impairment losses on hotel properties		—	—	(267)
Operating profit.....		23,463	5,218	19,573
Finance charges		(711)	(1,179)	(1,247)
Finance income		8	58	140
Net finance charges	11	(703)	(1,121)	(1,107)
Share of profits less losses of jointly controlled companies.....		102	38	31
Share of profits less losses of associated companies.....		203	140	164
Profit before taxation		23,065	4,275	18,661
Taxation	12	(3,830)	180	(3,177)
Profit for the year		19,235	4,455	15,484
Profit for the year attributable to:				
The Company's shareholder	36	19,236	4,221	15,389
Minority interests	37	(1)	234	95
		19,235	4,455	15,484
Earnings per share for profit attributable to the Company's shareholder (basic and diluted)	14	HK\$31.43	HK\$6.90	HK\$24.70
		2007	2008	2009
		HK\$M	HK\$M	HK\$M
Dividends				
Interim - paid		—	1,032	—
Final - paid.....		1,652	1,752	—
	15	1,652	2,784	—

(b) Consolidated Statements of Comprehensive Income

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	HK\$M	HK\$M	HK\$M
Profit for the year	19,235	4,455	15,484
	-----	-----	-----
Other comprehensive income			
Share of other comprehensive income of an associated company	(2)	(3)	3
Net translation differences on foreign operations	317	342	56
	-----	-----	-----
Other comprehensive income for the year	315	339	59
	-----	-----	-----
Total comprehensive income for the year	<u>19,550</u>	<u>4,794</u>	<u>15,543</u>
Total comprehensive income attributable to:			
The Company's shareholders.....	19,523	4,527	15,448
Minority interests	27	267	95
	-----	-----	-----
	<u>19,550</u>	<u>4,794</u>	<u>15,543</u>

Note: Items shown within other comprehensive income have no tax effect.

(c) Consolidated Statements of Financial Position

	Note	2007	2008	2009
		HK\$M	HK\$M	HK\$M
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment.....	16	7,729	6,857	3,742
Investment properties.....	17	127,497	134,069	154,098
Leasehold land and land use rights	18	1,958	2,193	1,756
Intangible assets	19	691	688	684
Associated companies	21	913	820	954
Jointly controlled companies.....	22	3,878	6,679	6,944
Available-for-sale assets	23	8	7	7
Deferred tax assets	33	23	39	116
Retirement benefit assets	24	46	52	60
		<u>142,743</u>	<u>151,404</u>	<u>168,361</u>
Current assets				
Properties under development and for sale	25	1,425	1,719	2,948
Stocks and work in progress	26	38	49	56
Trade and other receivables	27	633	953	1,233
Taxation recoverable.....		—	3	9
Amount due from immediate holding company	31	—	—	167
Cash and cash equivalents	28	1,932	1,159	965
		<u>4,028</u>	<u>3,883</u>	<u>5,378</u>
Current liabilities				
Trade and other payables	29	3,941	3,960	5,071
Taxation payable.....		219	315	177
Amount due to a fellow subsidiary company.....	30	24,522	30,410	31,304
Amount due to immediate holding company.....	31	3,763	3,864	—
Bank overdrafts and short-term loans.....	32	2,814	889	949
		<u>35,259</u>	<u>39,438</u>	<u>37,501</u>
Net current liabilities		<u>(31,231)</u>	<u>(35,555)</u>	<u>(32,123)</u>
Total assets less current liabilities		<u>111,512</u>	<u>115,849</u>	<u>136,238</u>
Non-current liabilities				
Long-term loans.....	34	—	2,748	3,198
Deferred tax liabilities	33	17,581	17,057	19,975
		<u>17,581</u>	<u>19,805</u>	<u>23,173</u>
NET ASSETS		<u>93,931</u>	<u>96,044</u>	<u>113,065</u>
EQUITY				
Share capital.....	35	612	612	4,582
Reserves	36	92,523	94,366	108,062
Equity attributable to the Company's shareholder....		<u>93,135</u>	<u>94,978</u>	<u>112,644</u>
Minority interests	37	796	1,066	421
TOTAL EQUITY		<u>93,931</u>	<u>96,044</u>	<u>113,065</u>

(d) Company Statements of Financial Position

	Note	2007	2008	2009
		HK\$M	HK\$M	HK\$M
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment.....	16	20	44	37
Intangible assets	19	12	9	6
Subsidiary companies	20	31,374	31,063	30,836
Associated companies	21	303	171	175
Jointly controlled companies.....	22	1,495	1,404	1,312
Retirement benefit assets	24	42	45	59
		<u>33,246</u>	<u>32,736</u>	<u>32,425</u>
Current assets				
Trade and other receivables	27	67	74	51
Taxation recoverable		—	3	—
Amount due from immediate holding company		—	—	167
Cash and cash equivalents	28	8	2	4
		<u>75</u>	<u>79</u>	<u>222</u>
Current liabilities				
Trade and other payables	29	1,394	1,769	1,292
Taxation payable.....		4	—	11
Amount due to immediate holding company.....	31	3,763	3,864	—
		<u>5,161</u>	<u>5,633</u>	<u>1,303</u>
Net current liabilities		<u>(5,086)</u>	<u>(5,554)</u>	<u>(1,081)</u>
Total assets less current liabilities		28,160	27,182	31,344
Non-current liability				
Deferred tax liabilities	33	2	2	—
NET ASSETS		<u>28,158</u>	<u>27,180</u>	<u>31,344</u>
EQUITY				
Equity attributable to the Company's shareholder				
Share capital.....	35	612	612	4,582
Reserves	36	27,546	26,568	26,762
TOTAL EQUITY		<u>28,158</u>	<u>27,180</u>	<u>31,344</u>

(e) Consolidated Statements of Cash Flows

	Note	2007	2008	2009
		HK\$M	HK\$M	HK\$M
Operating activities				
Cash generated from operations	41a	4,013	4,781	5,491
Interest paid		(1,041)	(1,524)	(1,467)
Interest received		8	58	33
Profits tax paid		(214)	(265)	(480)
Dividends received from associated companies		64	100	42
Net cash generated from operating activities		2,830	3,150	3,619
Investing activities				
Purchase of property, plant and equipment	41b	(6,203)	(1,763)	(939)
Additions of investment properties		(4,059)	(3,600)	(2,389)
Proceeds from disposals of interests in subsidiary companies		—	232	—
Proceeds from disposals of investment properties		283	—	178
Purchase of shareholdings in jointly controlled companies/associated companies		(27)	—	(282)
Loans to jointly controlled companies		(808)	(2,609)	(3,528)
Purchase of intangible assets		(5)	(2)	(2)
Repayment of loans from jointly controlled companies		—	—	3,569
Repayment of loans from associated companies		129	130	—
Deferred expenditure incurred		(16)	(74)	(23)
Net cash used in investing activities		(10,706)	(7,686)	(3,416)
Financing activities				
Loans drawn and refinancing		3,150	3,459	796
Repayment of loans		(380)	(2,776)	(286)
	41c	2,770	683	510
Capital contribution from a minority shareholder	41c	484	10	13
Increase in amount due to a fellow subsidiary company		7,697	5,888	894
Increase/(decrease) in amount due to immediate holding company		110	(101)	(61)
Dividends paid to the Company's shareholder	36	(1,532)	(2,684)	(1,752)
Dividends paid to minority interests	41c	(7)	(7)	(2)
Net cash generated from/(used in) financing activities		9,522	3,789	(398)
Increase/(decrease) in cash and cash equivalents				
Cash and cash equivalents at 1st January		252	1,903	1,159
Currency adjustment		5	3	1
Cash and cash equivalents at 31st December		1,903	1,159	965
Represented by:				
Bank balances and short-term deposits maturing within three months	28	1,932	1,159	965
Bank overdrafts	32	(29)	—	—
		1,903	1,159	965

(f) Consolidated Statements of Changes in Equity

	Note	Attributable to the Company's shareholders				Minority interests	Total equity
		Share capital	Revenue Reserve	Other reserves	Total		
		HK\$M	HK\$M	HK\$M	HK\$M		
At 1st January 2007		612	74,219	313	75,144	292	75,436
Profit for the year		—	19,236	—	19,236	(1)	19,235
Other comprehensive income.....		—	—	287	287	28	315
Total comprehensive income for the year	36, 37	—	19,236	287	19,523	27	19,550
Dividend paid.....		—	(1,532)	—	(1,532)	(7)	(1,539)
Capital contribution.....		—	—	—	—	484	484
At 31st December 2007		<u>612</u>	<u>91,923</u>	<u>600</u>	<u>93,135</u>	<u>796</u>	<u>93,931</u>
At 1st January 2008		612	91,923	600	93,135	796	93,931
Profit for the year		—	4,221	—	4,221	234	4,455
Other comprehensive income.....		—	—	306	306	33	339
Total comprehensive income for the year	36, 37	—	4,221	306	4,527	267	4,794
Dividend paid.....		—	(2,684)	—	(2,684)	(7)	(2,691)
Capital contribution.....		—	—	—	—	10	10
At 31st December 2008		<u>612</u>	<u>93,460</u>	<u>906</u>	<u>94,978</u>	<u>1,066</u>	<u>96,044</u>
At 1st January 2009		612	93,460	906	94,978	1,066	96,044
Profit for the year		—	15,389	—	15,389	95	15,484
Other comprehensive income.....		—	—	59	59	—	59
Total comprehensive income for the year	36, 37	—	15,389	59	15,448	95	15,543
Issuance of shares		3,970	—	—	3,970	—	3,970
Dividend paid.....		—	(1,752)	—	(1,752)	(2)	(1,754)
Capital contribution		—	—	—	—	13	13
Option over minority interest		—	—	—	—	(751)	(751)
At 31st December 2009		<u>4,582</u>	<u>107,097</u>	<u>965</u>	<u>112,644</u>	<u>421</u>	<u>113,065</u>

II. NOTES TO THE FINANCIAL INFORMATION**1 General information**

The Group is principally engaged in property investment and development, property trading and hotel ownership. The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 35/F, Two Pacific Place, 88 Queensway, Hong Kong.

The Financial Information is presented in units of Hong Kong dollars unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the years presented except for accounting policy on investment properties as stated below.

An amendment to Hong Kong Accounting Standard (“HKAS”) 40 Investment Property and HKAS 16 Property, Plant and Equipment was published by the HKICPA in May 2009, which requires investment property under development to be held at fair value rather than at cost where a policy of fair value is adopted for investment properties. The amendment to HKAS 40/HKAS 16 is effective for accounting periods beginning on or after 1st January 2009 and is applied prospectively. The amendment may only be early adopted if the fair values of the investment properties under development can be determined at the relevant earlier dates. In determining those fair values, the standards do not permit the use of hindsight. The Group considers hindsight would have to be used in order to perform the separation of the valuations of certain hotel properties which would be necessary in order to determine the valuation of investment properties under development at the relevant earlier dates. This is because those hotel properties (which were components of certain properties under development) were not valued separately from the other components of those properties under development. As a result of the amendment to HKAS 40/HKAS 16, the Group has recognised a fair value gain of HK\$2,654 million (net of deferred tax) in the consolidated income statement for the year ended 31st December 2009 in respect of investment property previously accounted for as property, plant and equipment. The amendment has also resulted in a decrease in the share of profits less losses in jointly controlled companies for the year ended 31st December 2009 by HK\$56 million.

(a) Basis of preparation

The Financial Information has been prepared in accordance with HKFRS. The Financial Information has been prepared under the historical cost convention as modified by the revaluation of certain investment properties and available-for-sale assets, which are carried at fair value.

The preparation of the Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 4 to the Financial Information.

As at 31st December 2007, 2008 and 2009, the Group had net current liabilities of HK\$31,231 million, HK\$35,555 million and HK\$32,123 million respectively and the Company had net current liabilities of HK\$5,086 million, HK\$5,554 million and HK\$1,081 million respectively. The current liabilities mainly comprise amounts due to immediate holding company and a fellow subsidiary, bank overdraft and short-term loans and trade and other payables.

The amount due to the immediate holding company, Swire Pacific Limited, was capitalised on 31st December 2009. On 31st March 2010, Swire Properties (Finance) Limited, a wholly owned subsidiary of the Company, entered into loan agreements with a fellow subsidiary company, Swire Finance Limited, such that the amount due to a fellow subsidiary company became repayable between August 2011 to August 2019. Accordingly, the amount due to a fellow subsidiary company has been classified as non-current liabilities as at 31st March 2010. The details of the inter-group funding arrangement are included in note 44(b). In addition, the Directors also prepared cash flow projections for next 12 months from the date of this report. Based on the cash flow projections, the Directors believe that the Group will continue as a going concern and consequently have prepared the Financial Information on a going concern basis.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2009 ⁽¹⁾
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁽²⁾
HKAS 39 (Amendment)	Eligible Hedged Items ⁽²⁾
HKFRS 3 (Revised)	Business Combinations ⁽²⁾
HKFRS 9	Financial Instruments ⁽⁴⁾
HK(IFRIC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁽³⁾
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners ⁽²⁾
HK(IFRIC) - Int 18	Transfers of Assets from Customers ⁽²⁾

⁽¹⁾ To be applied by the Group from 1st January 2010 except for certain amendments to HKAS 39 which have been applied in the year.

⁽²⁾ To be applied by the Group from 1st January 2010.

⁽³⁾ To be applied by the Group from 1st January 2011.

⁽⁴⁾ To be applied by the Group from 1st January 2013.

The Improvements to HKFRSs 2009 consist of further amendments to existing standards, including amendments to HKAS 17 Leases and HKAS 38 Intangible Assets. The amendment to HKAS 17 requires the land element of long-term leases to be classified as a finance lease rather than an operating lease. The amendment to HKAS 38 provides guidance on the measurement of intangible assets acquired in a business combination. It is not expected that these amendments will have a significant effect on the Group's results or net assets.

The revised HKAS 27 will affect the accounting for future transactions with non-controlling interests. It requires changes in a parent company's interest in subsidiaries that do not result in changes of control to be accounted for within equity, with no gain or loss recognised and no remeasurement of goodwill. A gain or loss on disposal will be recognised in the income statement only if the disposal results in a loss of control.

The amendment to HKAS 39 provides additional guidance on when a financial item can be designated as a hedged item and on assessing hedge effectiveness. It is not expected that this amendment will have a significant effect on the Group's results or net assets.

The revised HKFRS 3 introduces a number of changes to the accounting for business combinations, including the requirement that where a business combination is achieved in stages, the existing interest in the acquiree should be re-measured at fair value at each acquisition date and any resulting gain or loss recognised in the income statement. Under the current HKFRS 3, any gain or loss would be written off against goodwill.

HKFRS 9 is the first part of a three-part project to replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in HKAS 39. The approach in HKFRS 9 is based on how a company manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in HKAS 39. It is not expected that the new standard will have a significant effect on the Group's results or net assets.

The amendment to HK(IFRIC)-Int 14 permits companies which make an early payment of contributions to cover minimum funding requirements to treat that payment as an asset. It is not expected that this amendment will have a significant effect on the Group's results or net assets.

HK(IFRIC)-Int 17 requires a dividend payable to be recognised when it has been appropriately authorised and to be measured at fair value. It is not expected that this interpretation will have a significant effect on the Financial Information.

HK(IFRIC)-Int 18 provides guidance on accounting for items of property, plant and equipment transferred from customers. Where the items meet the definition of an asset, the entity should recognise revenue on the transfer. It is not expected that this amendment will have a significant effect on the Group's results or net assets.

The following new HKFRS interpretation has been issued which is not yet effective and not relevant to the Group's operations:

HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments
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(b) Basis of consolidation

The Financial Information incorporates the Financial Information of the Company and all of its subsidiaries.

(c) *Subsidiary companies*

Subsidiary companies are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The results of subsidiary companies are included in the consolidated income statement and minority interests therein are disclosed separately as a component of the consolidated profit after tax. Results attributable to subsidiary company interests acquired or disposed of during the year are included from the date on which control is transferred to the Group or to the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiary companies by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary company acquired, the difference is recognised directly in the consolidated income statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the consolidated statements of financial position comprise the outside shareholder's proportion of the net assets of subsidiary companies. The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company. Where the Group enters into a contract that contains an obligation (for example a written put option exercisable by the contract counterparty) to acquire shares in a partly-owned subsidiary company from the minority interest, which is not part of a business combination, the Group records a financial liability for the present value of the redemption amount and eliminates the value of the minority interest. Changes to the value of the financial liability are recognised in the income statement within finance income or finance costs.

In the Company's statement of financial position its investments in subsidiary companies are stated at cost less provision for any impairment losses. Income from subsidiary companies is accounted for by the Company on the basis of dividends received and receivable.

(d) Jointly controlled and associated companies

Jointly controlled companies are those companies held for the long-term, over which the Group is in a position to exercise joint control with other venturers in accordance with contractual arrangements, and where none of the participating parties has unilateral control over the economic activity of the joint venture.

Associated companies are those companies over which the Group has significant influence but not control or joint control, over their management including participation in the financial and operating policy decisions, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in jointly controlled and associated companies are accounted for by the equity method of accounting and are initially recognised at cost. The excess of the cost of investment in jointly controlled and associated companies over the fair value of the Group's share of the identifiable net assets acquired represents goodwill. The Group's investments in jointly controlled and associated companies include goodwill arising on acquisitions.

The Group's share of its jointly controlled and associated companies' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are included in the carrying amount of the investment. When the Group's interest, including any other unsecured receivables in a jointly controlled or an associated company is reduced to nil, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled or associated company.

The Group recognises the disposal of an interest in a jointly controlled company when it ceases to have joint control and the risks and rewards of ownership have passed to the acquirer.

Unrealised gains on transactions between the Group and its jointly controlled and associated companies are eliminated to the extent of the Group's interest in these companies. Unrealised losses on assets transferred between the Group and its jointly controlled and associated companies are also eliminated unless the transactions provide evidence of impairment of the assets transferred. Accounting policies of jointly controlled and associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, its investments in jointly controlled and associated companies are stated at cost less provision for any impairment losses. Income from jointly controlled and associated companies is recognised by the Company on the basis of dividends received and receivable.

Long-term loans to jointly controlled companies are considered to be quasi-equity in nature.

(e) *Foreign currency translation*

(i) *Functional and presentation currency*

Items included in the financial statement of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

When a gain or loss on a non-monetary item is recognised directly in equity, any translation difference on that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in the income statement, any translation difference on that gain or loss is recognised in the income statement.

(iii) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(f) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met.

Investment properties (including those under construction) are carried at fair values and are valued at least annually. The majority of investment properties are valued by independent valuers. The valuations are performed in accordance with the Valuation Standards on Properties issued by the Hong Kong Institute of Surveyors and are on an open market basis, related to individual properties, and separate values are not attributed to land and buildings. Land and buildings that are being developed for future use as investment properties and investment properties that are being redeveloped for continuing use as investment properties are measured at fair value and included as under construction. Changes in fair values are recognised in the income statement. The change in accounting policies in relation to investment properties is detailed in I-9 above.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

(g) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

With the exception of freehold land, all other property, plant and equipment are depreciated at rates sufficient to write off their original costs to estimated residual values using the straight-line method over their anticipated useful lives in the following manner:

Properties	2% to 5% per annum
Plant and equipment	20% to 33 $\frac{1}{3}$ % per annum

The assets' expected useful lives and residual values are regularly reviewed and adjusted, if appropriate, at each period-end date to take into account operational experience and changing circumstances.

At each period-end date, both internal and external sources of information are considered to assess whether there is any indication that the assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the income statement.

(h) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, jointly controlled and associated companies at the date of acquisition. Goodwill is treated as an asset of the entity acquired and where attributable to a foreign entity will be translated at the closing rate.

Goodwill on acquisition of a subsidiary company is included in intangible assets. Goodwill on acquisitions of associated and jointly controlled companies is included in investments in associated and jointly controlled companies respectively.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing, which is performed annually. Impairment losses recognised on goodwill are not reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software costs recognised as assets are amortised over their estimated useful lives.

(i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation. These assets are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by

which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(j) Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the period-end date where these are classified as non-current assets. See also policy for trade and other receivables (note 2(n)).

(ii) Available-for-sale assets

Available-for-sale assets are non-derivative investments and other assets that are either designated in this category or not classified in any of the other categories. Available-for-sale investments are included in non-current assets unless management intends to dispose of the investment within 12 months of the period-end date.

Purchases and sales of financial assets are recognised on their trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognised in other comprehensive income. When available-for-sale investments are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investments.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale investments) is based on quoted market prices at the period-end date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The nominal value less estimated credit adjustments of trade receivables is assumed to approximate their fair value.

The Group assesses at each period-end date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(k) Initial leasing costs

Expenditure incurred in leasing the Group's property during construction is deferred and amortised on a straight-line basis to the income statement upon occupation of the property over a period not exceeding the terms of the lease.

(l) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost represents average unit cost and net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses. The costs of finished goods and work in progress comprise direct material and labour costs and an appropriate proportion of production overhead expenses less provisions for foreseeable losses.

(m) Properties under development and properties for sale

Properties under development and properties for sale comprise leasehold land, construction costs and interest costs capitalised, less any write-downs to net receivable value. Properties for sale are available for immediate sale and are classified as current assets.

(n) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Trade and other receivables in the statement of financial position are stated net of such provision.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, amounts repayable on demand from banks and financial institutions and short-term highly liquid investments which were within three months of maturity when acquired, less bank overdrafts.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the initiation of the borrowings, including fees and commission paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated either at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the period-end date.

For disclosure purposes, the fair value of borrowings stated at amortised cost is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(q) Borrowing costs

Interest costs incurred are charged to the income statement except for those interest charges attributable to the acquisition, construction or production of qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale) which are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

(r) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Receipts or payments made under operating leases (net of any incentives paid to lessees or received from the lessors) are recognised as income or expense in the income statement on a straight-line basis over the period of the lease.

(s) Guarantees

Financial guarantees are initially recognised in the Financial Information at fair value on the date the guarantee was given. Subsequent to initial recognition, the liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned on a straight line basis over the life of the guarantee, and the best estimate of the expenditure required to settle any financial obligation arising at the period-end date. Any increase in the liability relating to guarantees is taken to the income statement.

(t) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the recognition has no impact on taxable nor accounting profit or loss, it is not recognised. Tax rates enacted or substantially enacted by the period-end date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiary, jointly controlled and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(u) Revenue recognition

Provided the collectability of the related receivable is reasonably assured, revenue is recognised as follows:

- (i) Rental income is recognised on a straight-line basis over the shorter of (i) the remaining lease term, (ii) the period to the next rent review date and (iii) the period from the commencement date of the lease to the first break option date (if any), exclusive of any turnover rent (if applicable) and other charges and reimbursements (if any). Where the lease includes a rent-free period, the rental income foregone is allocated evenly over the lease term. Turnover rent is recognised when earned.
- (ii) Sales of properties are recognised when effective control of ownership of the properties is transferred to the buyers, for example on issue of the completion certificate/occupation permit.
- (iii) Sales of services, including services provided by hotel operations, are recognised when the services are rendered.
- (iv) Interest income is recognised on a time-proportion basis using the effective interest method.

(v) Related parties

Related parties are individuals and companies, including subsidiary, fellow subsidiary, jointly controlled and associated companies and key management (including close members of their families), where the individual, company or Group has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(w) Retirement benefits

The Group operates both defined benefit and defined contribution retirement benefit schemes for its employees, the assets of which are generally held in separate trustee-administered funds. The schemes are generally funded by payments from the Group companies and, in some cases, employees themselves, taking account of the recommendations of independent qualified actuaries.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Group pays

fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to the defined contribution scheme are charged to the income statement in the period to which the contributions relate.

For the defined benefit schemes, retirement benefit costs are assessed using the projected unit credit method. Under this method, the cost of providing retirement benefits is charged to the income statement so as to spread the regular cost over the service lives of employees. The retirement benefit obligation is measured as the present value of the estimated future cash outflows. Plan assets are measured at fair value. Cumulative unrecognised net actuarial gains and losses at the previous financial year-end, to the extent that the amount is in excess of 10% of the greater of the present value of the defined benefit obligations and the fair value of the plan assets, are recognised over the expected average remaining working lives of the employees participating in the plan. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested.

(x) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(y) Dividend distribution

Dividend distribution to the Company's shareholder is recognised as a liability in the Group's Financial Information in the period in which the dividends are approved by the Company's shareholders.

(z) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Swire Pacific Limited, the immediate holding company of the Company.

Management determines reportable segments based on the principal activities of the Group. These are considered to be property investment and development, property trading and hotel ownership.

(aa) Government grants

Grants from government are recognised where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants related to assets are deducted from the carrying amount of the asset.

3 Financial risk management*(a) Financial risk factors*

The Group is exposed to financial risks attributable to cash flow interest rate, credit and liquidity. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the Board of Directors of the Group in conjunction with policies approved by the Board of Directors of its immediate holding company. The Board of Directors identifies and evaluates financial risks and maintains and develops the Group's financial risk management policies and procedures which are implemented by the Group.

(i) Interest rate exposure

The Group's interest rate risk arises mainly from borrowings from banks and a fellow subsidiary. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose to the Group to fair value interest rate risk. The Group earns interest income on cash deposits and loans due from jointly controlled companies.

The Group did not enter into interest rate swap contracts. The Group manages its interest rate risk on bank loans by closely monitoring the movement of interest rates for the borrowings of its fellow subsidiary, the holding company of the Company uses interest rate swaps to manage the long-term interest rate exposure on behalf of the Company. The effects of these interest rate swaps are reflected in the intercompany interest charged.

The borrowings from a fellow subsidiary had no formal term until the inter-group funding arrangement was put in place as detailed in note 44. The impact on the Group's income statement of a 100 basis-points increase or decrease in market interest rates from the rates applicable at 31st December assuming all the debt to be variable rate, with all other variables held constant would have been:

	Gain/(loss)		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
100 basis-points increase in interest rates	(254)	(329)	(345)
100 basis-points decrease in interest rates.....	254	329	345

Historically, interest on borrowings from a fellow subsidiary were charged to the Group at an all-in cost on the underlying loans and bonds to represent the rates of interest and fees on its fellow subsidiary's underlying borrowings from third parties and the Group's proportionate share of any hedging costs or savings. The Group itself was not party to any hedging transactions. A significant proportion of debt is maintained on a fixed rate basis with a view to increasing certainty of funding costs and after taking into consideration the potential impact of higher interest rates on profit, interest cover and expected cash flows. Interest rate swaps are used to manage long-term interest rate exposure. Using the ratio of fixed rate to floating rate of the fellow subsidiary's borrowings, the impact on the Group's income statement of a 100 basis-point increase or decrease in market interest rates from the rates applicable at 31st December, with all other variables held constant would have been:

	Gain/(loss)		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
100 basis-points increase in interest rates	(140)	(110)	(99)
100 basis-points decrease in interest rates.....	<u>140</u>	<u>110</u>	<u>99</u>

Upward fluctuations in interest rates may increase the cost of the Group's financing. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of the Group's debt obligations.

The analysis above is based on a hypothetical situation, as in practice market interest rates rarely change in isolation, and should not be considered a projection of likely future profits or losses. The analysis assumes the following:

- Changes in market interest rates affect the interest income or expense of floating rate financial instruments
- Changes in market interest rates only affect interest income or expense in relation to fixed rate financial instruments if these are recognised at fair value
- All other financial assets and liabilities are held constant

(ii) *Currency exposure*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars and Renminbi. Foreign exchange risk arises from the foreign currency denomination of commercial transactions, assets and liabilities, and net investments in foreign operations. The Group has no significant direct exposure to foreign currencies as these are managed by a fellow subsidiary. Indirectly through the borrowings from its fellow subsidiary, the Group hedges highly probable transactions in each major currency where their value or time to execution gives rise to a significant currency exposure, provided that the cost of the foreign exchange forward or derivative contract is not prohibitively expensive having regard to the underlying exposure.

As at 31st December 2007, 2008 and 2009, the Group had (through borrowings from its fellow subsidiary) hedged its significant foreign currency funding exposures. Exposure arising from the Group's investments in operating subsidiaries with net assets denominated in foreign currencies is reduced, where practical, by providing funding in the same currency.

Foreign currency funding and deposit exposure are monitored on a continuous basis. On a quarterly basis, sensitivity testing is performed by varying forecast foreign exchange rates. The interest charged on the Group's borrowings from its fellow subsidiary reflects, among other things, the Group's proportionate share of the relevant currency hedging costs or savings. Otherwise, currently the Group does not engage in hedging activities designed or intended to manage currency risk.

(iii) Credit exposure

The Group's credit risk is mainly attributable to trade debtors, deposits with financial institutions, receivables from jointly controlled companies and associated companies. The exposure to these credit risks is closely monitored on an ongoing basis by established credit policies. For financial institutions, only independently rated parties with good rating are accepted. Tenants are assessed and rated based on their credit quality, taking into account their financial position, past experience and other factors. In addition, the Group does not grant credit terms to its customers. The Group also holds rental deposits as security against trade debtors. The Group and the Company monitor the exposure to credit risk in respect of the financial assistance provided to subsidiaries, jointly controlled companies and associated companies through exercising control or significant influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

(iv) Liquidity risk

The Group takes liquidity risk into consideration when deciding its sources of funds and their respective tenors. The tables below analyse the contractual undiscounted cash flows of the Group's and the Company's financial liabilities by relevant maturity groupings based on the remaining period from the period-end date to the earliest date the Group and the Company can be required to pay:

Group

At 31st December 2007

	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Trade creditors.....	29	227	227	227	—	—	—
Amounts due to intermediate holding company	29	50	50	50	—	—	—
Amount due to a fellow subsidiary company	30	24,522	24,522	24,522	—	—	—
Amount due to immediate holding company	29, 31	3,860	3,860	3,860	—	—	—
Interest-bearing advances from an associated company	29	151	151	151	—	—	—
Rental deposits from tenants	29	1,376	1,376	341	225	619	191
Other payables	29	2,040	2,040	2,040	—	—	—
Borrowings (including interest obligations).....	32, 34	2,814	2,862	2,862	—	—	—
		<u>35,040</u>	<u>35,088</u>	<u>34,053</u>	<u>225</u>	<u>619</u>	<u>191</u>

Group

At 31st December 2008

	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Trade creditors.....	29	492	492	492	—	—	—
Amounts due to intermediate holding company	29	101	101	101	—	—	—
Amount due to a fellow subsidiary company	30	30,410	30,410	30,410	—	—	—
Amount due to immediate holding company	29, 31	3,965	3,965	3,965	—	—	—
Interest-bearing advances from an associated company	29	151	151	151	—	—	—
Advances from minority interests....	29	192	192	192	—	—	—
Rental deposits from tenants	29	1,544	1,641	321	384	719	217
Other payables	29	1,379	1,379	1,379	—	—	—
Borrowings (including interest obligations).....	32, 34	3,637	4,151	1,131	227	2,793	—
		<u>41,871</u>	<u>42,482</u>	<u>38,142</u>	<u>611</u>	<u>3,512</u>	<u>217</u>

Group

At 31st December 2009

	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Trade creditors.....	29	401	401	401	—	—	—
Amounts due to intermediate holding company	29	66	66	66	—	—	—
Amount due to a fellow subsidiary company	30	31,304	31,304	31,304	—	—	—
Amount due to immediate holding company	29, 31	103	103	103	—	—	—
Interest-bearing advances from associated companies.....	29	149	149	149	—	—	—
Advances from minority interests....	29	211	211	211	—	—	—
Rental deposits from tenants.....	29	1,620	1,690	431	407	686	166
Other payables.....	29	1,831	1,831	1,831	—	—	—
Put option over minority interest in existing subsidiary company	29	690	690	690	—	—	—
Borrowings (including interest obligations).....	32, 34	4,147	4,439	795	2,982	662	—
		<u>40,522</u>	<u>40,884</u>	<u>35,981</u>	<u>3,389</u>	<u>1,348</u>	<u>166</u>

Company

At 31st December 2007

	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Trade creditors.....	29	17	17	17	—	—	—
Amount due to immediate holding company	29, 31	3,860	3,860	3,860	—	—	—
Amounts due to subsidiary companies.....	29	1,060	1,060	1,060	—	—	—
Interest-bearing advances from an associated company	29	151	151	151	—	—	—
Other payables.....	29	69	69	69	—	—	—
		<u>5,157</u>	<u>5,157</u>	<u>5,157</u>	<u>—</u>	<u>—</u>	<u>—</u>

Company

At 31st December 2008

	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Trade creditors.....	29	75	75	75	—	—	—
Amount due to immediate holding company	29, 31	3,965	3,965	3,965	—	—	—
Amounts due to subsidiary companies.....	29	1,405	1,405	1,405	—	—	—
Interest-bearing advances from an associated company	29	151	151	151	—	—	—
Other payables.....	29	37	37	37	—	—	—
		<u>5,633</u>	<u>5,633</u>	<u>5,633</u>	<u>—</u>	<u>—</u>	<u>—</u>

Company

At 31st December 2009

	Note	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Trade creditors.....	29	20	20	20	—	—	—
Amount due to intermediate holding company	29	66	66	66	—	—	—
Amount due to immediate holding company	29, 31	103	103	103	—	—	—
Amounts due to subsidiary companies.....	29	924	924	924	—	—	—
Interest-bearing advances from associated companies.....	29	149	149	149	—	—	—
Other payables.....	29	30	30	30	—	—	—
		<u>1,292</u>	<u>1,292</u>	<u>1,292</u>	<u>—</u>	<u>—</u>	<u>—</u>

(b) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure designed to reduce the cost of capital.

The Group considers a number of metrics in monitoring its capital structure, which principally include the gearing ratio, cash interest cover and the return cycle of its various investments. For the purpose of the gearing ratio, the Group defines net debt as total borrowings less short-term deposits and bank balances. Total capital is calculated as "equity", as shown in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may issue new shares or capital, raise new debt financing or sell assets to reduce debt.

(c) Fair value estimation

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 Critical accounting estimates and judgements

Estimates and judgements used in preparing the Financial Information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, inevitably, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) Estimates of fair value of investment properties

DTZ Debenham Tie Leung (“DTZ”), an independent property valuer, was engaged to carry out an independent valuation of the major portion of the Group’s investment property portfolio as at 31st December 2007, 2008 and 2009. This valuation was carried out in accordance with the Valuation Standards on Properties issued by the Hong Kong Institute of Surveyors, which define market value as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties each acted knowledgeably, prudently and without compulsion”.

DTZ has derived the valuation of the Group’s completed investment property portfolio by capitalising the rental income derived from existing tenancies with due provision for reversionary income potential and by making reference to recent comparable sales transactions as available in the relevant property market. They make assumptions principally in respect of open market rents and yields.

DTZ has derived the valuation of the Group’s investment properties under construction by making reference to recent comparable sales transactions as available in the relevant property market (on the assumption they had already been completed at the valuation date), and has also taken into account construction costs already incurred as well as the estimated costs to be incurred to complete the projects, which are deducted in order to arrive at the value of the partially completed project. Where the valuation is prepared based on the assumption that the property’s title certificate has been received but this is not the case, the Group has made an estimate of the future land costs and deducted from the valuation.

Management has reviewed the DTZ valuation and compared it with its own assumptions, with reference to comparable sales transaction data where such information is available, and has concluded that the DTZ valuation of the Group’s investment property portfolio is reasonable.

In accordance with an amendment to HKAS 40 and HKAS 16, the Group’s investment properties under development have been held at fair value rather than at cost from the year ended 31 December 2009. Prior to the amendment to HKAS 40 and HKAS 16, land and buildings being developed for future use as investment properties were carried at cost less impairment rather than at fair value.

(b) Impairment of assets

The Group tests at least annually whether goodwill and other assets that have indefinite useful lives have suffered any impairment. Other assets, including land and properties not held at fair value, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is determined using fair value less costs to sell or value-in-use calculations as appropriate. These calculations require the use of estimates. Refer to note 19 for details of goodwill impairment testing.

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations relating to the Group's ordinary business activities for which the ultimate tax determination is uncertain. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the year in which the outcomes become known.

5 Turnover

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Gross rental income from investment properties.....	5,578	6,828	7,433
Property trading.....	7	—	504
Hotels.....	148	156	172
Rendering of services	86	73	83
Total revenues	<u>5,819</u>	<u>7,057</u>	<u>8,192</u>

6 Cost of sales

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Direct rental outgoings in respect of investment properties	1,094	1,242	1,363
Property trading.....	5	1	351
Hotels.....	128	200	332
Rendering of services	35	35	34
	<u>1,262</u>	<u>1,478</u>	<u>2,080</u>

7 Other net gains

Other net gains mainly include:

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Profit on sales of properties.....	90	—	131
Profit on partial disposal of interest in subsidiary companies....	—	40	—
Net foreign exchange losses.....	(29)	(24)	(3)
	<u> </u>	<u> </u>	<u> </u>

8 Expenses by nature

Expenses included in cost of sales, administrative and other operating expenses are further analysed as follows:

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Direct operating expenses of investment properties that			
- generate rental income.....	968	1,133	1,282
- did not generate rental income	126	109	81
Impairment losses on hotel properties	—	—	267
Depreciation of property, plant and equipment (note 16).....	51	80	125
Amortisation of			
- leasehold land and land use rights (note 18).....	2	3	5
- intangible assets (note 19).....	5	5	5
- initial leasing costs on investment properties.....	6	18	24
Staff costs	642	725	866
Auditors' remuneration			
- audit services	3	3	4
- tax services	—	1	—
- other services	2	1	—
Donations	18	20	18
	<u> </u>	<u> </u>	<u> </u>

9 Segment information

(a) Analysis of Consolidated Income Statements

	External turnover	Operating profit/(loss) before depreciation and amortisation	Depreciation and amortisation	Finance income	Finance charges	Share of profits less losses of jointly controlled companies	Share of profits less losses of associated companies	Profit/(loss) before taxation	Tax (charge)/ credit	Profit for the year	Profit attributable to the Company's shareholder
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Year ended 31st December 2007											
Property investment	5,664	3,995	(49)	8	(711)	46	12	3,301	(346)	2,955	2,956
Sale of investment properties	—	90	—	—	—	—	—	90	21	111	111
Change in fair value of investment properties	—	19,420	—	—	—	98	55	19,573	(3,507)	16,066	16,066
	5,664	23,505	(49)	8	(711)	144	67	22,964	(3,832)	19,132	19,133
Property trading	7	2	—	—	—	(46)	—	(44)	1	(43)	(43)
Hotels	148	20	(15)	—	—	4	136	145	1	146	146
	5,819	23,527	(64)	8	(711)	102	203	23,065	(3,830)	19,235	19,236
Year ended 31st December 2008											
Property investment	6,901	4,989	(81)	58	(1,168)	28	16	3,842	(467)	3,375	3,379
Change in fair value of investment properties	—	358	—	—	—	50	(16)	392	629	1,021	783
	6,901	5,347	(81)	58	(1,168)	78	—	4,234	162	4,396	4,162
Property trading	—	38	—	—	—	(48)	—	(10)	1	(9)	(9)
Hotels	156	(61)	(25)	—	(11)	8	140	51	17	68	68
	7,057	5,324	(106)	58	(1,179)	38	140	4,275	180	4,455	4,221
Year ended 31st December 2009											
Property investment	7,516	5,491	(123)	140	(1,221)	48	16	4,351	(508)	3,843	3,879
Sale of investment properties ..	—	131	—	—	—	—	—	131	5	136	136
Change in fair value of investment properties	—	14,407	—	—	—	7	53	14,467	(2,752)	11,715	11,584
	7,516	20,029	(123)	140	(1,221)	55	69	18,949	(3,255)	15,694	15,599
Property trading	504	141	—	—	—	(26)	—	115	(25)	90	90
Hotels	172	(438)	(36)	—	(26)	2	95	(403)	103	(300)	(300)
	8,192	19,732	(159)	140	(1,247)	31	164	18,661	(3,177)	15,484	15,389

(b) Analysis of total assets of the Group

	Segment assets	Jointly controlled companies	Associated companies	Bank deposits and cash	Total	Additions to non-current assets (note)
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Year ended 31st December 2007						
Property investment	137,546	3,658	425	1,916	143,545	11,312
Property trading	1,426	106	—	3	1,535	—
Hotels.....	1,076	114	488	13	1,691	867
	<u>140,048</u>	<u>3,878</u>	<u>913</u>	<u>1,932</u>	<u>146,771</u>	<u>12,179</u>
Year ended 31st December 2008						
Property investment	141,347	6,541	396	1,086	149,370	4,486
Property trading	1,722	36	—	1	1,759	—
Hotels.....	3,560	102	424	72	4,158	925
	<u>146,629</u>	<u>6,679</u>	<u>820</u>	<u>1,159</u>	<u>155,287</u>	<u>5,411</u>
Year ended 31st December 2009						
Property investment	157,219	6,428	466	937	165,050	2,777
Property trading.....	3,025	87	—	2	3,114	—
Hotels.....	4,632	429	488	26	5,575	1,065
	<u>164,876</u>	<u>6,944</u>	<u>954</u>	<u>965</u>	<u>173,739</u>	<u>3,842</u>

Note: In this analysis, additions to non-current assets during the year exclude financial instruments (including jointly controlled and associated companies), deferred tax assets and retirement benefit assets.

(c) *Analysis of total liabilities and minority interests of the Group*

	Segment liabilities	Current and deferred tax liabilities	Inter-segment borrowings/ (advances)	External borrowings	Total liabilities	Minority interests
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Year ended 31 December 2007						
Property investment...	3,901	17,800	—	29,165	50,866	796
Property trading	23	—	—	1,186	1,209	—
Hotels	17	—	—	748	765	—
	<u>3,941</u>	<u>17,800</u>	<u>—</u>	<u>31,099</u>	<u>52,840</u>	<u>796</u>
Year ended 31st December 2008						
Property investment...	3,836	17,372	—	35,460	56,668	1,066
Property trading	23	—	—	1,049	1,072	—
Hotels	101	—	—	1,402	1,503	—
	<u>3,960</u>	<u>17,372</u>	<u>—</u>	<u>37,911</u>	<u>59,243</u>	<u>1,066</u>
Year ended 31st December 2009						
Property investment...	4,923	20,120	—	31,676	56,719	421
Property trading	61	32	—	2,409	2,502	—
Hotels	87	—	—	1,366	1,453	—
	<u>5,071</u>	<u>20,152</u>	<u>—</u>	<u>35,451</u>	<u>60,674</u>	<u>421</u>

(d) *Information about geographical areas*

The activities of the Group are principally based in Hong Kong, Mainland China and United Kingdom.

An analysis of turnover and non-current assets of the Group by principal markets is outlined below:

	Turnover			Non-current assets ⁽¹⁾		
	2007	2008	2009	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Hong Kong.....	5,671	6,720	7,799	132,645	132,441	144,862
Mainland China.....	—	200	320	4,662	10,925	14,985
United Kingdom.....	148	137	73	568	441	433
	<u>5,819</u>	<u>7,057</u>	<u>8,192</u>	<u>137,875</u>	<u>143,807</u>	<u>160,280</u>

⁽¹⁾ In this analysis, the total of non-current assets excludes financial instruments (including jointly controlled and associated companies), deferred tax assets and retirement benefit assets.

10 Directors' and executive officers' emoluments**(a) Directors' emoluments**

Details of the emoluments paid and payable to the directors of the Group for the years ended 31st December 2007, 2008 and 2009 are as follows:

	Cash			Non cash			Total
	Salary	Discretionary bonus	Allowances and benefits	Retirement schemes contributions	Discretionary bonus paid to retirement schemes	Housing benefits	
For the year ended							
31st December 2007							
Executive and non-executive directors							
K.G. Kerr (note (i))	5	5	—	—	—	3	13
C.D. Pratt	—	—	—	—	—	—	—
M. Cubbon	—	—	—	—	—	—	—
P.N.L. Chen	—	—	—	—	—	—	—
J.C. Culbertson	2	2	1	—	—	2	7
J.W.J. Hughes-Hallett	—	—	—	—	—	—	—
P.A. Johansen (note (ii))	—	—	—	—	—	—	—
P.A. Kilgour	2	2	1	—	1	2	8
G.J. Ongley	3	2	—	1	—	—	6
S.G. Spurr.....	2	2	1	—	—	1	6
Total	<u>14</u>	<u>13</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>8</u>	<u>40</u>
For the year ended							
31st December 2008							
Executive and non-executive directors							
K.G. Kerr (note (i))	5	5	—	1	—	3	14
C.D. Pratt	—	—	—	—	—	—	—
M. Cubbon	—	—	—	—	—	—	—
G.M.C. Bradley	1	2	2	1	—	—	6
P.N.L. Chen	—	—	—	—	—	—	—
J.C. Culbertson	2	2	1	—	—	2	7
J.W.J. Hughes-Hallett.....	—	—	—	—	—	—	—
P.A. Johansen (note (ii))	—	—	—	—	—	—	—
P.A. Kilgour	2	3	1	1	1	2	10
G.J. Ongley	4	2	—	—	—	1	7
S.G. Spurr.....	2	2	1	—	—	1	6
Total	<u>16</u>	<u>16</u>	<u>5</u>	<u>3</u>	<u>1</u>	<u>9</u>	<u>50</u>

	Cash			Non cash			Total
	Salary	Discretionary bonus (note (v))	Allowances and benefits	Retirement schemes contributions	Discretionary bonus paid to retirement schemes	Housing benefits	
For the year ended							
31st December 2009							
Executive and non-executive directors							
K.G. Kerr (note (i))	2	4	1	18	—	1	26
C.D. Pratt	—	—	—	—	—	—	—
M. Cubbon	2	—	—	3	—	2	7
G.M.C. Bradley	1	2	2	2	1	—	8
J.C.G. Bremridge (Note (iii))	1	—	—	2	—	2	5
P.N.L. Chen	—	—	—	—	—	—	—
J.C. Culbertson	2	2	1	—	—	2	7
J.W.J. Hughes-Hallett.....	—	—	—	—	—	—	—
P.A. Kilgour	1	2	—	1	1	—	5
G.J. Ongley	4	2	—	—	—	1	7
S.G. Spurr	2	2	1	—	—	1	6
M.B. Swire (Note (iv)).....	—	—	—	—	—	—	—
Total	15	14	5	26	2	9	71

Notes:

- (i) K.G. Kerr resigned as an executive director on 1st June 2009.
- (ii) P.A. Johansen resigned as a non-executive director on 16th March 2009.
- (iii) J.C.G. Bremridge was appointed as an executive director on 1st April 2009.
- (iv) M.B. Swire was appointed as a non-executive director on 14th January 2009.
- (v) Bonuses are not approved for 2009. The amounts disclosed above are related to services as executive and non-executive directors for 2008 but paid and charged to the Group in 2009.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31st December 2007, 2008 and 2009 are as follows:

Number of individuals	2007	2008	2009
Executives directors (note (i))	4	4	4
Executive officer (note (ii)).....	1	1	1
	5	5	5

Notes:

- (i) Details of the emoluments paid to these directors were included in the disclosure as set out in note 10(a) above.

(ii) Details of emoluments paid to the remaining highest paid non-director individual are as follows:

	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Salary	2	2	2
Discretionary bonus	2	2	2
Allowance and benefits.....	2	2	3
Retirement scheme contributions.....	—	—	1
	<u>6</u>	<u>6</u>	<u>8</u>

* Bonus is not approved for 2009. The amount disclosed is related to services for 2008 but paid and charged to the Group in 2009.

The emoluments of the above non-director individual fell within the following bands:

Number of individuals	2007	2008	2009
HK\$5,500,000 — HK\$6,000,000	1	—	—
HK\$6,000,000 — HK\$6,500,000.....	—	1	—
HK\$7,500,000 — HK\$8,000,000	—	—	1
	<u>1</u>	<u>1</u>	<u>1</u>

(c) During the Relevant Periods, no director or the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, upon leaving the Group or as compensation for loss of office.

11 Net finance charges

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Interest charges on:			
Bank loans and overdrafts.....	(41)	(238)	(226)
Loan from a fellow subsidiary company.....	(1,012)	(1,228)	(1,182)
Other financing costs.....	(6)	(64)	(61)
Deferred into properties under development for sale.....	2	7	32
Capitalised on:			
Investment properties.....	142	45	157
Other properties.....	204	299	33
	<u>(711)</u>	<u>(1,179)</u>	<u>(1,247)</u>
Interest income on:			
Short-term deposits and bank balances.....	8	24	6
Jointly controlled companies.....	—	34	27
Fair value gain on put option over minority interest in existing subsidiary company.....	—	—	107
	<u>8</u>	<u>58</u>	<u>140</u>
Net finance charges	<u>(703)</u>	<u>(1,121)</u>	<u>(1,107)</u>

12 Taxation

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Current taxation:			
Hong Kong profits tax	(291)	(347)	(394)
Overseas taxation.....	—	(15)	(12)
Over-provision in prior years	<u>18</u>	<u>4</u>	<u>70</u>
	(273)	(358)	(336)
Deferred taxation:			
Change in Hong Kong profits tax rate.....	—	1,005	—
Changes in fair value of investment properties.....	(3,431)	(236)	(2,665)
Origination and reversal of temporary differences	(126)	(231)	(245)
Tax provision on impairment losses	<u>—</u>	<u>—</u>	<u>69</u>
	<u>(3,557)</u>	<u>538</u>	<u>(2,841)</u>
Tax (charge)/credit.....	<u>(3,830)</u>	<u>180</u>	<u>(3,177)</u>

Hong Kong profits tax is calculated at 17.5%, 16.5% and 16.5% for years ended 31st December 2007, 2008 and 2009 respectively on the estimated assessable profits for the years. Overseas tax is calculated at tax rates applicable in countries in which the Group is assessable for tax.

The tax charge on the Group's profit before taxation differs from the theoretical amount that would arise using the Hong Kong profits tax rate of the Company as follows:

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Profit before taxation.....	<u>23,065</u>	<u>4,275</u>	<u>18,661</u>
Calculated at a tax rate of (2007:17.5%; 2008: 16.5%; 2009: 16.5%)	(4,036)	(705)	(3,079)
Share of profits less losses of jointly controlled and associated companies	53	29	32
Over-provision for tax in prior years	18	4	70
Effect of change in Hong Kong tax rate.....	—	1,005	—
Effect of different tax rates in other countries	6	(118)	(164)
Income not subject to tax	37	7	55
Expenses not deductible for tax purposes.....	(3)	(4)	(97)
Tax losses not recognised	(9)	(12)	(26)
Utilisation of previously unrecognised tax losses.....	95	78	50
Recognition of previously unrecognised temporary differences .	—	(82)	(51)
Others	<u>9</u>	<u>(22)</u>	<u>33</u>
Tax (charge)/credit.....	<u>(3,830)</u>	<u>180</u>	<u>(3,177)</u>

The Group's share of jointly controlled companies' tax charge of HK\$116 million, HK\$87 million and HK\$85 million for the years ended 31st December 2007, 2008 and 2009 respectively and share of associated companies' tax charge of HK\$44 million, HK\$21 million and HK\$34 million for the years ended 31st December 2007, 2008 and 2009 respectively is included in the share of profits less losses of jointly controlled and associated companies shown in the consolidated income statement.

13 Profit attributable to the Company's shareholder

Of the profit attributable to the Company's shareholder, HK\$1,386 million, HK\$1,706 million and HK\$1,946 million for the years ended 31st December 2007, 2008 and 2009 respectively is dealt with in the Financial Information of the Company.

14 Earnings per share (Basic and Diluted)

Earnings per share are calculated by dividing the profit attributable to the Company's shareholder of HK\$19,236 million, HK\$4,221 million and HK\$15,389 million for the years ended 31st December 2007, 2008 and 2009 by weighted average number of 612,252,549, 612,252,549 and 623,128,207 ordinary shares in issue in 2007, 2008 and 2009 after adjusting for the issuance of 216,007 ordinary shares on capitalisation of retained profits as described in Note 35. The diluted earnings per share equals to the basic earnings per share since there are no dilutive potential shares in issue during 2007, 2008 and 2009.

15 Dividends

	Company		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Interim dividend, paid (2007: Nil, 2008: HK\$1.6862 per ordinary share and 2009: Nil)	—	1,032	—
2007 and 2008 final dividend, paid (2007: HK\$2.6996 per ordinary share, 2008: HK\$2.8627 per ordinary share)	1,652	1,752	—
	<u>1,652</u>	<u>2,784</u>	<u>—</u>

16 Property, plant and equipment

	Group			Company
	Property	Plant and equipment	Total	Plant and equipment
	HK\$M	HK\$M	HK\$M	HK\$M
Cost:				
At 1st January 2007	813	544	1,357	202
Translation differences	192	3	195	—
Additions	6,298	101	6,399	11
Transfer between category	(13)	13	—	—
Net transfer from investment properties	218	—	218	—
Disposals	—	(5)	(5)	—
Amortisation from leasehold land and land use rights capitalised (note 18).....	16	—	16	—
At 31st December 2007	<u>7,524</u>	<u>656</u>	<u>8,180</u>	<u>213</u>
Accumulated depreciation:				
At 1st January 2007	53	353	406	184
Translation differences	—	—	—	—
Net transfer to investment properties	(1)	—	(1)	—
Disposals	—	(5)	(5)	—
Charge for the year (note 8)	8	43	51	9
At 31st December 2007	<u>60</u>	<u>391</u>	<u>451</u>	<u>193</u>
Net book value:				
At 31st December 2007	<u>7,464</u>	<u>265</u>	<u>7,729</u>	<u>20</u>

At 31st December 2007, 2008 and 2009, there were costs incurred in respect of assets under construction under “Property” amounting to HK\$6,790 million, HK\$5,005 million and HK\$284 million respectively.

	Group			Company
	Property	Plant and equipment	Total	Plant and equipment
	HK\$M	HK\$M	HK\$M	HK\$M
Cost:				
At 1st January 2008.....	7,524	656	8,180	213
Translation differences.....	280	(37)	243	—
Additions.....	2,386	157	2,543	36
Net transfer to investment properties.....	(3,606)	—	(3,606)	—
Amortisation from leasehold land and land use rights capitalised (note 18).....	20	—	20	—
At 31st December 2008.....	<u>6,604</u>	<u>776</u>	<u>7,380</u>	<u>249</u>
Accumulated depreciation:				
At 1st January 2008.....	60	391	451	193
Translation differences.....	—	(3)	(3)	—
Net transfer to investment properties.....	(5)	—	(5)	—
Charge for the year (note 8).....	16	64	80	12
At 31st December 2008.....	<u>71</u>	<u>452</u>	<u>523</u>	<u>205</u>
Net book value:				
At 31st December 2008.....	<u>6,533</u>	<u>324</u>	<u>6,857</u>	<u>44</u>

	Group			Company
	Property	Plant and equipment	Total	Plant and equipment
	HK\$M	HK\$M	HK\$M	HK\$M
Cost:				
At 1st January 2009.....	6,604	776	7,380	249
Translation differences	33	13	46	—
Additions	1,070	41	1,111	8
Cost written-off	(7)	(7)	(14)	—
Transferred to investment properties on adoption of revised HKAS 40	(3,887)	—	(3,887)	—
Net transfer from deferred expenditure	—	1	1	—
Transfer between category	57	(57)	—	—
Disposal	(5)	(2)	(7)	(1)
Amortisation from leasehold land and land use rights capitalised (note 18).....	7	—	7	—
At 31st December 2009	3,872	765	4,637	256
Accumulated depreciation:				
At 1st January 2009.....	71	452	523	205
Translation differences	1	3	4	—
Net transfer to investment properties	(3)	—	(3)	—
Net transfer from deferred expenditure	—	1	1	—
Disposal.....	(2)	(2)	(4)	(1)
Cost written-off	—	(18)	(18)	—
Provision for impairment losses	267	—	267	—
Charge for the year (note 8)	44	81	125	15
At 31st December 2009	378	517	895	219
Net book value:				
At 31st December 2009	3,494	248	3,742	37

At 31st December 2007, 2008 and 2009, none of the Group's property, plant and equipment was pledged as security for the Group's long-term loans.

Property, plant and equipment is reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Directors consider a number of hotels in Mainland China and the U.K. to be impaired at 31st December 2009 as a result of the current condition of the hotel property market in these locations. The carrying amount of these hotels has been written down by HK\$267 million to their recoverable amount, which is the fair value less costs to sell, calculated using the income capitalisation approach.

17 Investment properties

	Group		
	Completed	Under construction	Total
	HK\$M	HK\$M	HK\$M
At 1st January 2007.....	97,121	7,433	104,554
Additions.....	1,744	4,006	5,750
Disposals.....	(186)	(3)	(189)
Transfers between category.....	397	(397)	—
Net transfer to property, plant and equipment.....	(219)	—	(219)
Net transfer to leasehold land.....	(1,232)	—	(1,232)
Transfers to properties for sale.....	—	(619)	(619)
Fair value gains.....	18,048	1,372	19,420
	<u>115,673</u>	<u>11,792</u>	<u>127,465</u>
Add : Initial leasing costs.....	32	—	32
At 31st December 2007.....	<u>115,705</u>	<u>11,792</u>	<u>127,497</u>
At 1st January 2008.....	115,673	11,792	127,465
Additions.....	628	2,163	2,791
Transfers between category.....	9,671	(9,671)	—
Net transfer from property, plant and equipment.....	3,617	(16)	3,601
Net transfer to leasehold land.....	(231)	—	(231)
Fair value (losses)/gains.....	(312)	670	358
	<u>129,046</u>	<u>4,938</u>	<u>133,984</u>
Add : Initial leasing costs.....	85	—	85
At 31st December 2008.....	<u>129,131</u>	<u>4,938</u>	<u>134,069</u>
At 1st January 2009.....	129,046	4,938	133,984
Translation differences.....	1	9	10
Additions.....	582	2,176	2,758
Transferred from property, plant and equipment on adoption of revised HKAS 40.....	—	3,887	3,887
Transferred from leasehold land and land use rights on adoption of revised 40.....	—	449	449
Other net transfers (to)/from property, plant and equipment.....	(10)	7	(3)
Transfer to property under development.....	—	(1,335)	(1,335)
Other net transfer from leasehold land and land use rights.....	(30)	—	(30)
Transfers between category.....	1,869	(1,869)	—
Cost written back.....	(52)	—	(52)
Disposal.....	—	(60)	(60)
Fair value gains.....	10,426	3,981	14,407
	<u>141,832</u>	<u>12,183</u>	<u>154,015</u>
Add : Initial leasing costs.....	83	—	83
At 31st December 2009.....	<u>141,915</u>	<u>12,183</u>	<u>154,098</u>

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Held in Hong Kong:			
On medium-term lease (10 to 50 years)	30,785	31,210	34,685
On long-term lease (over 50 years)	<u>96,680</u>	<u>97,431</u>	<u>105,502</u>
	127,465	128,641	140,187
Held in Mainland China:			
On medium-term lease (10 to 50 years)	<u>—</u>	<u>5,343</u>	<u>13,828</u>
	<u><u>127,465</u></u>	<u><u>133,984</u></u>	<u><u>154,015</u></u>

The portfolio of investment properties was valued at 31st December 2007, 2008 and 2009 on the basis of open market value. Investment properties of HK\$124,313 million, HK\$129,643 million and HK\$150,323 million, which represent 98%, 97% and 98% of the investment properties portfolio, were valued by DTZ at 31st December 2007, 2008 and 2009 respectively. The remaining investment properties were valued by the Company's internal qualified surveyors at 31st December 2007, 2008 and 2009.

18 Leasehold land and land use rights

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
At 1st January	713	1,958	2,193
Translation differences.....	31	27	1
Transferred to investment properties on adoption of revised HKAS 40	—	—	(449)
Other net transfers from investment properties.....	1,232	231	30
Cost written back	—	—	(2)
Disposal	—	—	(5)
Amortisation			
Capitalised on property under construction (note 16)	(16)	(20)	(7)
Charge for the year (note 8).....	<u>(2)</u>	<u>(3)</u>	<u>(5)</u>
At 31st December	<u><u>1,958</u></u>	<u><u>2,193</u></u>	<u><u>1,756</u></u>
	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Held in Hong Kong:			
On medium-term lease (10 to 50 years)	116	113	57
On long-term lease (over 50 years)	<u>1,403</u>	<u>1,624</u>	<u>1,693</u>
	1,519	1,737	1,750
Held outside Hong Kong:			
On medium-term lease (10 to 50 years)	<u>439</u>	<u>456</u>	<u>6</u>
	<u><u>1,958</u></u>	<u><u>2,193</u></u>	<u><u>1,756</u></u>

19 Intangible assets

	Group			Company
	Goodwill	Computer software	Total	Computer software
	HK\$M	HK\$M	HK\$M	HK\$M
Cost:				
At 1st January 2007	669	31	700	31
Additions	10	5	15	5
At 31st December 2007	679	36	715	36
Accumulated amortisation:				
At 1st January 2007	—	19	19	19
Amortisation for the year (note 8)	—	5	5	5
At 31st December 2007	—	24	24	24
Net book value:				
At 31st December 2007	679	12	691	12
Cost :				
At 1st January 2008	679	36	715	36
Additions	—	2	2	2
At 31st December 2008	679	38	717	38
Accumulated amortisation:				
At 1st January 2008	—	24	24	24
Amortisation for the year (note 8)	—	5	5	5
At 31st December 2008	—	29	29	29
Net book value:				
At 31st December 2008	679	9	688	9
Cost:				
At 1st January 2009	679	38	717	38
Translation differences	(1)	—	(1)	—
Additions	—	2	2	2
At 31st December 2009	678	40	718	40
Accumulated amortisation:				
At 1st January 2009	—	29	29	29
Amortisation for the year (note 8)	—	5	5	5
At 31st December 2009	—	34	34	34
Net book value:				
At 31st December 2009	678	6	684	6

Amortisation of HK\$5 million, HK\$5 million and HK\$5 million is included in administrative expenses in the consolidated income statement for the years ended 31st December 2007, 2008 and 2009 respectively.

Impairment test of goodwill

Goodwill attributable to investment properties in Hong Kong arose where the fair value of net assets acquired was below the fair value of consideration paid due to the recognition, required for accounting purposes, of deferred tax liabilities in respect of fair value gains on the investment properties purchased. In Hong Kong these gains are not taxable and therefore this liability will never fall due. Consequently the related goodwill will only be impaired should the fair value of the investment property in future fall below its fair value at acquisition. The recoverable amount of goodwill attributable to this cash-generating unit is therefore assessed on a post-tax basis using fair value less costs to sell.

20 Subsidiary companies

	Company		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Unlisted shares at cost.....	3,210	3,215	3,184
Loans and amounts due from subsidiary companies less provisions			
- Interest - free	28,009	27,693	27,501
- Interest - bearing at (2007, 2008 and 2009: HIBOR plus 0.24%)	155	155	151
	<u>31,374</u>	<u>31,063</u>	<u>30,836</u>

The loans and amounts due from subsidiary companies are unsecured and have no fixed terms of repayment.

The principal subsidiary companies of the Group which have materially affected the results of assets of the Group are shown on note 45 of Section II.

21 Associated companies

	Group			Company		
	2007	2008	2009	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Unlisted shares at cost	—	—	—	3	3	3
Share of net assets						
- unlisted.....	607	644	778	—	—	—
Loans due from associated companies less provisions						
- Interest - free.....	306	176	176	300	168	172
	<u>913</u>	<u>820</u>	<u>954</u>	<u>303</u>	<u>171</u>	<u>175</u>

The loans due from associated companies are unsecured and have no fixed terms of repayment.

The Group's share of assets and liabilities and results of associated companies is summarised below:

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Non-current assets	1,457	1,422	1,518
Current assets	365	307	315
Current liabilities.....	(114)	(59)	(70)
Non-current liabilities.....	<u>(1,101)</u>	<u>(1,026)</u>	<u>(985)</u>
Net assets	<u>607</u>	<u>644</u>	<u>778</u>
Revenue.....	<u>546</u>	<u>555</u>	<u>451</u>
Profit for the year.....	<u>203</u>	<u>140</u>	<u>164</u>

The principal associated companies of the Group which have materially affected the results or assets of the Group are shown in note 45 of Section II.

22 Jointly controlled companies

	Group			Company		
	2007	2008	2009	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Unlisted shares at cost	—	—	—	—	—	—
Share of net liabilities						
- unlisted.....	(1,483)	(1,291)	(985)	—	—	—
Loans due from jointly controlled companies less provisions						
- Interest - free.....	5,361	7,373	7,929	1,495	1,404	1,312
- Interest - bearing at 6.57%	—	597	—	—	—	—
	<u>3,878</u>	<u>6,679</u>	<u>6,944</u>	<u>1,495</u>	<u>1,404</u>	<u>1,312</u>

The loans due from jointly controlled companies are unsecured and have no fixed terms of repayment.

The Group's share of assets and liabilities and results of jointly controlled companies is summarised below:

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Non-current assets	3,573	5,061	6,598
Current assets	183	1,223	407
Current liabilities.....	(2,386)	(2,441)	(2,695)
Non-current liabilities.....	(2,853)	(5,134)	(5,295)
Net liabilities.....	<u>(1,483)</u>	<u>(1,291)</u>	<u>(985)</u>
Revenue.....	154	149	145
Change in fair value of investment properties	119	83	37
Expenses	<u>(55)</u>	<u>(107)</u>	<u>(66)</u>
Profit before taxation.....	218	125	116
Taxation	<u>(116)</u>	<u>(87)</u>	<u>(85)</u>
Profit for the year.....	<u>102</u>	<u>38</u>	<u>31</u>

The principal jointly controlled companies of the Group which have materially affected the results or assets of the Group are shown in note 45 of Section II.

23 Available-for-sale assets

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Unlisted investments.....	<u>8</u>	<u>7</u>	<u>7</u>

The available-for-sale assets are included in level 3 of the fair value hierarchy. These assets are measured at fair value using inputs other than quoted prices or those based on observable market data.

24 Retirement benefits

The Group operates various retirement benefit plans providing resignation and retirement benefits to staff on both a contributory and non-contributory basis. The assets of the plans are administered by trustees and are maintained independently of the Group's finances. The majority of the plans are of the defined benefit type and contributions to such plans are made in accordance with the funding rates recommended by independent qualified actuaries to ensure that the plans will be able to meet their liabilities as they become due. The funding rates are subject to annual review and are determined by taking into consideration the difference between the market values of the plan assets and the present value of accrued past services liabilities, on an on-going basis, as computed by reference to actuarial valuations.

All new employees are offered the choice of joining the retirement benefit plan or the mandatory provident fund ("MPF") scheme. Where staff elect to join the MPF scheme, both the Company and staff are required to contribute 5% of the employees' relevant monthly income (capped at HK\$20,000). Staff may elect to contribute more than the minimum as a voluntary contribution. Employees engaged outside Hong Kong are covered by appropriate local arrangements.

Total retirement benefit costs recognised in the consolidated income statement for the years ended 31st December 2007, 2008 and 2009 amounted to HK\$26 million, HK\$30 million and HK\$42 million, including HK\$1 million, HK\$2 million and HK\$3 million in respect of defined contribution plans.

The defined benefit plan is valued using the projected unit credit method in accordance with HKAS 19. For the year ended 31st December 2009, the HKAS 19 disclosures shown in the Financial Information are based on valuations prepared by qualified actuaries, Watson Wyatt Hong Kong Limited ("Watson Wyatt") at 31st December 2009. For the year ended 31st December 2007 and 2008, the HKAS 19 disclosures are based on valuations performed by Watson Wyatt at 31st December 2006, which were updated at 31st December 2007 and 2008 by Cannon Trustees Limited, the main administration manager of the Group's defined benefit plans. The plan in Hong Kong is valued annually by Watson Wyatt for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance. At 31st December 2007, 2008 and 2009, the funding level was 127%, 126 % and 83% of the accrued actuarial liabilities on an ongoing basis respectively.

(a) The amounts recognised in the statement of financial position are as follows:

	Group			Company		
	2007	2008	2009	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Present value of funded obligations .	487	429	516	397	349	428
Fair value of plan assets.....	(579)	(397)	(532)	(465)	(320)	(442)
	(92)	32	(16)	(68)	29	(14)
Net unrecognised actuarial losses/(gains).....	46	(84)	(44)	26	(74)	(45)
Net retirement benefit assets.....	(46)	(52)	(60)	(42)	(45)	(59)
Represented by:						
Retirement benefit assets.....	(476)	(527)	(600)	(378)	(420)	(486)
Retirement benefit liabilities	430	475	540	336	375	427
	(46)	(52)	(60)	(42)	(45)	(59)

(b) Changes in the present value of the defined benefit obligation are as follows:

	Group			Company		
	2007	2008	2009	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January.....	420	487	429	337	397	349
Service cost.....	43	53	42	33	42	33
Interest cost	16	17	23	13	14	19
Actuarial loss/(gains).....	22	(104)	53	19	(86)	50
Benefits paid.....	(15)	(25)	(33)	(7)	(19)	(26)
Transfers	1	1	2	2	1	3
At 31st December.....	487	429	516	397	349	428

Changes in the fair value of plan assets are as follows:

	Group			Company		
	2007	2008	2009	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January	460	579	397	365	465	320
Expected return	34	41	29	28	33	23
Actuarial gains/(losses)	64	(233)	90	51	(187)	76
Contributions by employer	34	39	47	26	31	46
Benefits paid	(14)	(25)	(33)	(7)	(19)	(26)
Transfers	1	(4)	2	2	(3)	3
At 31st December	<u>579</u>	<u>397</u>	<u>532</u>	<u>465</u>	<u>320</u>	<u>442</u>

(c) Net expenses recognised in the consolidated income statement are as follows:

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Current service cost	43	50	42
Past service cost	—	3	—
Interest cost	16	17	23
Expected return on plan assets	(34)	(41)	(29)
Net actuarial gains	—	(1)	3
	<u>25</u>	<u>28</u>	<u>39</u>
Actual gain/(loss) on plan assets	<u>99</u>	<u>(192)</u>	<u>119</u>

The above net expenses were included in cost of sales and administrative expenses in the consolidated income statement.

(d) Plan assets consist of the following:

	Group					
	2007		2008		2009	
	HK\$M	%	HK\$M	%	HK\$M	%
Equity securities	391	68	251	63	336	63
Government bonds	106	18	85	21	99	19
Corporate bonds	75	13	64	16	94	18
Cash/(bank overdraft)	7	1	(3)	—	3	—
At 31st December	<u>579</u>	<u>100</u>	<u>397</u>	<u>100</u>	<u>532</u>	<u>100</u>

(e) Amounts for the current and previous four periods are as follows:

	Group				
	2005	2006	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Defined benefit obligations.....	343	420	487	429	516
Plan assets	(390)	(460)	(579)	(397)	(532)
(Surplus)/deficit	(47)	(40)	(92)	32	(16)
Experience adjustments on plan liabilities	21	(21)	(16)	(6)	(31)
Experience adjustments on plan assets.....	25	25	64	(233)	91

(f) The principal actuarial assumptions used are as follows:

	Group		
	2007	2008	2009
Discount rate	3.85%	5.3%	4.75%
Expected rate of return on plan assets	7%	7%	8%
Expected rate of future salary increases.....	4%	3.57%	2%

The expected return on plan assets reflects the portfolio mix of assets, which itself is determined by the Group's current investment policy. Expected yields on bonds are based on gross redemption yields at the reporting date. Expected returns on equities reflect long-term real rates of return experienced in the respective markets.

25 Properties under development and for sale

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Completed properties for sale			
- development costs	—	274	55
Properties under development			
- development costs	113	155	293
Leasehold land held under development	1,312	1,290	2,600
	<u>1,425</u>	<u>1,719</u>	<u>2,948</u>

26 Stock and work in progress

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Trading goods.....	4	6	7
Store and spare parts	26	33	40
Work in progress	8	10	9
	<u>38</u>	<u>49</u>	<u>56</u>

27 Trade and other receivables

	Group			Company		
	2007	2008	2009	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Trade debtors	145	145	180	45	57	2
Other receivables	488	808	1,053	22	17	49
	<u>633</u>	<u>953</u>	<u>1,233</u>	<u>67</u>	<u>74</u>	<u>51</u>

The analysis of the age of trade debtors at year-end is as follows:

	Group			Company		
	2007	2008	2009	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Under three months ...	138	134	171	45	57	2
Between three and six months.....	4	5	3	—	—	—
Over six months.....	3	6	6	—	—	—
	<u>145</u>	<u>145</u>	<u>180</u>	<u>45</u>	<u>57</u>	<u>2</u>

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

The Group does not grant any credit terms to its customers. At 31st December 2007, 2008 and 2009, trade debtors of HK\$145 million, HK\$145 million and HK\$180 million were past due but not impaired respectively. These relate to a number of independent customers for whom there is no recent history of default. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at 31st December 2007, 2008 and 2009 is the carrying value of trade debtors disclosed above. The value of rental deposits from tenants held as security at 31st December 2007, 2008 and 2009 was HK\$1,376 million, HK\$1,544 million and HK\$1,620 million respectively

28 Cash and cash equivalents

	Group			Company		
	2007	2008	2009	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Short-term deposits maturing within three months.....	17	491	827	—	—	—
Bank balances	1,915	668	138	8	2	4
	<u>1,932</u>	<u>1,159</u>	<u>965</u>	<u>8</u>	<u>2</u>	<u>4</u>

The effective interest rates on short-term deposits of the Group at each of period-end date and their maturity were as follows:

	2007	2008	2009
Effective interest rates	0.72% to 3.18%	0.08% to 1.45%	0.01% to 1.17%
Maturity.....	<u>30 - 90 days</u>	<u>30 - 90 days</u>	<u>30 - 90 days</u>

The maximum exposure to credit risk in respect of bank balances and short-term deposits at 31st December 2007, 2008 and 2009 is the carrying value of the bank balances and short-term deposits disclosed above.

29 Trade and other payables

	Group			Company		
	2007	2008	2009	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Trade creditors	227	492	401	17	75	20
Amount due to intermediate holding company ...	50	101	66	—	—	66
Amount due to immediate holding company	97	101	103	97	101	103
Amounts due to subsidiary companies	—	—	—	1,060	1,405	924
Interest-bearing advances from an associated company at 0.54% .	151	151	149	151	151	149
Advances from minority interests...	—	192	211	—	—	—
Rental deposits from tenants	1,376	1,544	1,620	—	—	—
Put option over minority interest in existing subsidiary company	—	—	690	—	—	—
Other payables	2,040	1,379	1,831	69	37	30
	<u>3,941</u>	<u>3,960</u>	<u>5,071</u>	<u>1,394</u>	<u>1,769</u>	<u>1,292</u>

Apart from certain amounts due to an associated company which are interest-bearing as specified above, the balances are interest free, unsecured and have no fixed terms of repayment.

The analysis of the age of trade creditors at year-end is as follows:

	Group			Company		
	2007	2008	2009	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Under three months ...	227	491	401	17	75	20
Between three and six months	—	1	—	—	—	—
	<u>227</u>	<u>492</u>	<u>401</u>	<u>17</u>	<u>75</u>	<u>20</u>

30 Amount due to a fellow subsidiary company

The amount due to a fellow subsidiary company is unsecured, has no fixed terms of repayment and bears interest at a combination of fixed and floating rate which effectively was at 4.25% per annum, 4.85% per annum and 3.67% per annum at 31st December 2007, 2008 and 2009 respectively.

The carrying amount of the balance approximates to its fair value.

31 Amount due from/(to) immediate holding company

The amount due from/(to) immediate holding company is unsecured, interest free, and has no fixed terms of repayment.

The carrying amount of the balance approximates to its fair value.

32 Bank overdrafts and short-term loans

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Unsecured:			
Bank overdrafts	29	—	—
Short-term loans	2,785	889	949
	<u>2,814</u>	<u>889</u>	<u>949</u>

Notes:

- (a) The effective interest rates on bank overdrafts and short-term loans of the Group at the end of each of reporting period were as follows:

	2007	2008	2009
Effective interest rates.....	<u>5.59% to 7.23%</u>	<u>5.04% to 7.97%</u>	<u>3.11% to 6.11%</u>

- (b) Short-term loans at 31st December 2008 and 2009, include amounts of HK\$113.6 million borrowed under an entrusted loan arrangement. On 15th September 2008, a subsidiary of the Company, Beijing Sanlitun South Property Management Co. Ltd., entered into entrusted loan agreements with Akzo Nobel Swire Paints (Guangzhou) Limited (formerly known as ICI Swire Paints (China) Limited) and Akzo Nobel Swire Paints (Shanghai) Limited (formerly known as ICI Swire Paints (Shanghai) Limited), jointly controlled companies of the immediate holding company of the Company, and a bank. Akzo Nobel Swire Paints (Guangzhou) Limited and Akzo Nobel Swire Paints (Shanghai) Limited provided principal amounts of RMB40 million and RMB60 million respectively as loans to Beijing Sanlitun South Property Management Co. Ltd.
- (c) The carrying amounts of the balances are denominated in Renminbi and approximate to their fair value.

33 Deferred taxation

The movement on the net deferred tax liabilities account is as follows:

	Group			Company		
	2007	2008	2009	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January	14,001	17,558	17,018	2	2	2
Translation differences.....	—	(2)	—	—	—	—
Charged/(credited) to income statement ..	3,557	(538)	2,841	—	—	(2)
	<u>17,558</u>	<u>17,018</u>	<u>19,859</u>	<u>2</u>	<u>2</u>	<u>—</u>

Deferred tax assets are recognised in respect of tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of HK\$210 million, HK\$141 million and HK\$274 million for the year ended 31st December 2007, 2008 and 2009 respectively to carry forward against future taxable income. These tax losses have no expiry date.

The movement in deferred tax assets and liabilities (prior to offsetting balances within the same taxation jurisdiction) during the year is as follows:

Deferred tax liabilities

	Group													
	Accelerated tax depreciation			Valuation of investment properties						Others			Total	
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009	2008	2009
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1st January	1,586	1,707	1,902	12,423	15,854	15,185	52	62	148	14,061	17,623	17,235	17,623	17,235
Effect of change of tax rate	—	(98)	—	—	(905)	—	—	(4)	—	—	—	—	(1,007)	—
Charged to income statement	121	293	228	3,431	236	2,665	10	90	33	3,562	619	2,926	619	2,926
At 31st December	<u>1,707</u>	<u>1,902</u>	<u>2,130</u>	<u>15,854</u>	<u>15,185</u>	<u>17,850</u>	<u>62</u>	<u>148</u>	<u>181</u>	<u>17,623</u>	<u>17,235</u>	<u>20,161</u>	<u>17,235</u>	<u>20,161</u>
	Company													
	Accelerated tax depreciation													
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009	2008	2009
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1st January	3	2	2	3	2	2	—	—	—	—	—	—	—	—
Charged to income statement	(1)	—	—	(1)	—	—	—	—	—	—	—	—	—	(2)
At 31st December	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Deferred tax assets

	Group								
	Tax losses			Others			Total		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January	(60)	(44)	(143)	—	(21)	(74)	(60)	(65)	(217)
Effect of change of tax rate	—	2	—	—	—	—	—	2	—
Credited/(charged) to income statement	16	(101)	51	(21)	(51)	(136)	(5)	(152)	(85)
Translation differences	—	—	—	—	(2)	—	—	(2)	—
At 31st December	<u>(44)</u>	<u>(143)</u>	<u>(92)</u>	<u>(21)</u>	<u>(74)</u>	<u>(210)</u>	<u>(65)</u>	<u>(217)</u>	<u>(302)</u>

Deferred tax assets and liabilities are netted off when the taxes relate to the same taxation authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately in the statement of financial position.

	Group						Company		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Deferred tax assets:									
- To be recovered after more than 12 months	<u>(23)</u>	<u>(39)</u>	<u>(116)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Deferred tax liabilities:									
- To be recovered after more than 12 months	<u>17,581</u>	<u>17,057</u>	<u>19,975</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>—</u>

34 Long-term loans

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Bank loans (unsecured):			
Repayable between two and five years	—	2,748	3,198

The effective interest rates on bank loans of the Group at each of period-end date were as follows:

	2007	2008	2009
Effective interest rates	—	8.32%	1.41% to 5.94%

The carrying amounts of these long-term loans approximate to their fair value and are denominated in the following currencies:

	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Renminbi	—	2,726	3,136
Pounds Sterling	—	22	62
	—	2,748	3,198

35 Share capital

	2007		2008		2009	
	Number of Shares	HK\$M	Number of Shares	HK\$M	Number of Shares	HK\$M
Authorised:						
Ordinary shares of HK\$1 each:						
At 1st January	800,000,000	800	800,000,000	800	800,000,000	800
Additions	—	—	—	—	29,200,000,000	29,200
At 31st December	<u>800,000,000</u>	<u>800</u>	<u>800,000,000</u>	<u>800</u>	<u>30,000,000,000</u>	<u>30,000</u>
Issued and fully paid:						
Ordinary shares of HK\$1 each:						
At 1st January	612,036,542	612	612,036,542	612	612,036,542	612
Additions	—	—	—	—	3,969,615,000	3,970
At 31st December	<u>612,036,542</u>	<u>612</u>	<u>612,036,542</u>	<u>612</u>	<u>4,581,651,542</u>	<u>4,582</u>

Pursuant to ordinary resolutions of the Company passed as of 31st December 2009, the authorised share capital of the Company was increased from 800,000,000 ordinary shares of HK\$1 each to 30,000,000,000 ordinary shares of HK\$1 each by the creation of an additional 29,200,000,000 ordinary shares of HK\$1 each.

On 31st December 2009, the Company issued and allotted 3,969,615,000 ordinary shares of HK\$1 each at par to capitalise an inter-company debt owed to the immediate holding company of the Company, Swire Pacific Limited, in the amount of HK\$3,969,615,000.

Pursuant to a directors' resolution passed as of 25th January 2010, 1,108,132,451 ordinary shares credited as fully paid up were allotted to the immediate holding company in consideration of the acquisition from the immediate holding company of the shares of Swire Properties US Inc. and Swire Properties One Inc. and all the outstanding related loan notes of Swire Properties US Inc. from the immediate holding company (Note 44(a)).

Pursuant to a directors' resolution passed as of 31st January 2010, 216,007 ordinary shares credited as fully paid up were allotted to Swire Pacific Limited on capitalisation of retained profit of HK\$216,007.

36 Reserves

	Group				
	Revenue reserve	Share premium account	Cash flow hedge reserve	Translation reserve	Total
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January 2007	74,219	259	1	53	74,532
Profit for the year	19,236	—	—	—	19,236
Other comprehensive income					
Share of changes in reserves of an associated company	—	—	(2)	—	(2)
Net translation differences on foreign operations	—	—	—	289	289
Total comprehensive income	19,236	—	(2)	289	19,523
2006 final dividend	(1,532)	—	—	—	(1,532)
At 31st December 2007	<u>91,923</u>	<u>259</u>	<u>(1)</u>	<u>342</u>	<u>92,523</u>
At 1st January 2008	91,923	259	(1)	342	92,523
Profit for the year	4,221	—	—	—	4,221
Other comprehensive income					
Share of changes in reserves of an associated company	—	—	(3)	—	(3)
Net translation differences on foreign operations	—	—	—	309	309
Total comprehensive income	4,221	—	(3)	309	4,527
2007 final dividend (note 15)	(1,652)	—	—	—	(1,652)
2008 interim dividend (note 15)	(1,032)	—	—	—	(1,032)
At 31st December 2008	<u>93,460</u>	<u>259</u>	<u>(4)</u>	<u>651</u>	<u>94,366</u>
At 1st January 2009	93,460	259	(4)	651	94,366
Profit for the year	15,389	—	—	—	15,389
Other comprehensive income					
Share of other comprehensive income of an associated company	—	—	3	—	3
Net translation differences on foreign operations	—	—	—	56	56
Total comprehensive income	15,389	—	3	56	15,448
2008 final dividend (note 15)	(1,752)	—	—	—	(1,752)
At 31st December 2009	<u>107,097</u>	<u>259</u>	<u>(1)</u>	<u>707</u>	<u>108,062</u>

	Company		
	Revenue reserve	Share premium account	Total
	HK\$M	HK\$M	HK\$M
At 1st January 2007.....	27,433	259	27,692
Profit for the year.....	1,386	—	1,386
2006 final dividend	(1,532)	—	(1,532)
At 31st December 2007	<u>27,287</u>	<u>259</u>	<u>27,546</u>
At 1st January 2008.....	27,287	259	27,546
Profit for the year.....	1,706	—	1,706
2007 final dividend (note 15)	(1,652)	—	(1,652)
2008 interim dividend (note 15).....	(1,032)	—	(1,032)
At 31st December 2008	<u>26,309</u>	<u>259</u>	<u>26,568</u>
At 1st January 2009.....	26,309	259	26,568
Profit for the year	1,946	—	1,946
2008 final dividend (note 15)	(1,752)	—	(1,752)
2009 interim dividend (note 15).....	—	—	—
At 31st December 2009	<u>26,503</u>	<u>259</u>	<u>26,762</u>

37 Minority interests

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
At 1st January	292	796	1,066
Capital contribution from a minority shareholder.....	484	10	13
Share of profits less losses for the year	(1)	234	95
Dividends paid and payable	(7)	(7)	(2)
Recognition of put option over minority interest in existing subsidiary company	—	—	(751)
Translation differences.....	<u>28</u>	<u>33</u>	<u>—</u>
At 31st December	<u>796</u>	<u>1,066</u>	<u>421</u>

38 Capital commitments

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Outstanding capital commitments at the year-end in respect of:			
(a) Property, plant and equipment			
- Contracted for	5,404	1,594	291
- Authorised by Directors but not contracted for	1,867	891	707
(b) Investment properties			
- Contracted for	888	3,887	2,920
- Authorised by Directors but not contracted for	1,412	1,369	1,448
(c) The Group's share of capital commitments of jointly controlled companies*			
- Contracted for	203	255	397
- Authorised by Directors but not contracted for	<u>4,685</u>	<u>5,096</u>	<u>4,919</u>

* Of which the Group is committed to funding HK\$2,389 million, HK\$1,195 million and HK\$227 million as at 31st December 2007, 2008 and 2009 respectively.

The Company had no commitments in respect of the above items at 31st December 2007, 2008 and 2009.

At 31st December 2007, 2008 and 2009, the Group had unprovided contractual obligations for future repairs and maintenance on investment properties of HK\$134 million, HK\$184 million and HK\$158 million respectively.

39 Contingencies

	Group			Company		
	2007	2008	2009	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
(a) Bank guarantees given in lieu of utility deposits .	<u>91</u>	<u>92</u>	<u>98</u>	<u>91</u>	<u>92</u>	<u>98</u>
(b) Guarantees given in respect of bank mortgage loans to staff	<u>2</u>	<u>1</u>	<u>—</u>	<u>2</u>	<u>1</u>	<u>—</u>
(c) Guarantees provided in respect of bank loans and other liabilities of:						
- Subsidiary companies .	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,595</u>	<u>2,939</u>	<u>4,048</u>

(d) Contingent tax liability

Certain wholly-owned group companies have been unable to finalise their liability to profits tax in respect of the years 1997/98 to 2003/04 inclusive as a consequence of queries raised by the Hong Kong Inland Revenue Department (“IRD”). These queries relate to the deductibility, in the assessment of profits tax, of interest on borrowings of those companies during the periods under review.

A number of discussions have taken place between the companies and the IRD to understand the precise nature of the IRD queries. However, at this stage there is insufficient information available to determine reliably the ultimate outcome of the IRD’s review with an acceptable degree of certainty. Consequently no provision has been recognised in the Financial Information for any amounts that may fall due in regard to these queries.

The IRD has issued Notices of Assessment totaling HK\$440 million, in respect of their queries for the years under review. The companies involved have objected to these assessments and the IRD has agreed to unconditional holdover of the assessments. In addition, the estimated interest which would (assuming the relevant Group companies are found liable to pay the tax demanded) be payable in respect of the Notice of Assessment totalled HK\$171 million at 31st December 2009.

On 30th March 2010, the IRD issued a notice of assessment in respect of the year 2003/04 to Lindfield Limited (“Lindfield”), a jointly controlled entity in which the Company has an indirect 50% equity interest, in an amount of HK\$18 million. The assessment relates to the deductibility of interest for profits tax purposes. Given the lack of information available, it is not able to determine reliably the ultimate outcome of this assessment.

The immediate holding company, Swire Pacific Limited, has undertaken to the Company that, if any subsidiary of the Company referred to in the above paragraphs and Lindfield is required to pay to the IRD any amount of tax in response or by reference to any notice of assessment referred to in this and the above paragraphs (or to any corresponding notice of assessment issued in respect of any year of assessment from the year of assessment 2004/05 to 2009/10), Swire Pacific Limited will pay to the Company an amount equal to the amount of such payment (50% of the amount of such payment in the case of Lindfield). This undertaking will expire on the third anniversary of the listing date of the Company except where a provision for a relevant payment has, with the agreement of Swire Pacific Limited, previously been made in the accounts of any such subsidiary or, as the case may be, Lindfield.

40 Operating lease commitments

The Group acts as lessor under operating leases. Details of the Group's commitments under non-cancellable operating leases are set out as follows:

(a) Lessor

The Group leases out land and buildings under operating leases. The leases for land and buildings typically run for a period of three to six years. The turnover-related rental income received amounted to HK\$218 million, HK\$214 million and HK\$206 million for the years ended 31st December 2007, 2008 and 2009 respectively.

At 31st December, the future aggregate minimum lease receipts under non-cancellable operating leases receivable by the Group were as follows:

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Land and buildings			
Not later than one year	4,275	5,140	5,624
Later than one year but not later than five years.....	9,008	10,126	9,962
Later than five years.....	<u>1,424</u>	<u>1,510</u>	<u>1,682</u>
	<u>14,707</u>	<u>16,776</u>	<u>17,268</u>

Assets held for deployment on operating leases at 31st December were as follows:

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Investment properties			
Fair value	<u>127,465</u>	<u>133,984</u>	<u>154,015</u>

(b) Lessee

The Company acts as lessee under operating leases. Details of the Company's commitments under non-cancellable operating leases are set out as follows:

	Company		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Land and buildings			
Not later than one year	34	57	64
Later than one year but not later than five years.....	13	91	126
More than five years.....	<u>—</u>	<u>—</u>	<u>25</u>
	<u>47</u>	<u>148</u>	<u>215</u>

41 Note to the consolidated statements of cash flows

(a) Reconciliation of operating profit to cash generated from operations:

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Operating profit.....	23,463	5,218	19,573
Change in fair value of investment properties.....	(19,420)	(358)	(14,407)
Depreciation.....	51	80	125
Profit on disposal of investment properties.....	(90)	—	(131)
Amortisation of leasehold land and land use rights.....	18	23	12
Amortisation of intangible assets.....	5	5	5
Amortisation of initial leasing costs and deferred expenditure ..	6	18	24
Impairment losses on hotel operations.....	—	—	267
Profit on share dilution in subsidiary companies.....	—	(40)	—
Operating profit before working capital changes.....	4,033	4,946	5,468
(Decrease)/increase in amount due to immediate holding company.....	(12)	204	6
(Increase)/decrease in properties for sale.....	(207)	(282)	188
Increase in stocks and work in progress.....	(1)	(11)	(7)
Increase in trade and other receivables.....	(110)	(325)	(260)
Increase in trade and other payables.....	319	255	104
Increase in retirement benefit assets.....	(9)	(6)	(8)
Cash generated from operations.....	<u>4,013</u>	<u>4,781</u>	<u>5,491</u>

(b) Purchase of property, plant and equipment

	Group		
	2007	2008	2009
	HK\$M	HK\$M	HK\$M
Properties.....	6,089	1,606	898
Plant and equipment.....	114	157	41
Total.....	<u>6,203</u>	<u>1,763</u>	<u>939</u>

The above figures do not include interest capitalised on property, plant and equipment.

(c) Analysis of changes in financing during the year

	Group					
	Bank loans			Minority interests		
	2007	2008	2009	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
At 1st January	15	2,785	3,638	292	796	1,066
Net cash inflow from financing	2,770	683	510	484	10	13
Minority interests' share of profits less losses	—	—	—	(1)	234	95
Dividends paid to minority interests...	—	—	—	(7)	(7)	(2)
Recognition of put option over minority interest in existing subsidiary company	—	—	—	—	—	(751)
Other non-cash movements	—	170	(1)	28	33	—
At 31st December.....	<u>2,785</u>	<u>3,638</u>	<u>4,147</u>	<u>796</u>	<u>1,066</u>	<u>421</u>

42 Related party transactions

There is an agreement for services ("Agreement"), in respect of which John Swire & Sons (HK) Limited ("JSSHK") provided services to the Company and under which costs were reimbursed and fees payable. In return for these services, JSSHK received annual fees calculated (A) in the case of the Company, as 2.5% of the dividends receivable from jointly controlled and associated companies of the Company, where there were no agreements for services with such companies, and (B) in the case of its subsidiary and associated companies with such agreements, as 2.5% of their relevant consolidated profits before taxation and minority interests after certain adjustments. The current Agreement commenced on 1st January 2008 and will last for three years until 31st December 2010. The preceding Agreement, with the same terms and conditions, were from 1st January 2005 to 31st December 2007. For the year ended 31st December 2007, 2008 and 2009, service fees payable amounted to HK\$80 million, HK\$101 million and HK\$107 million; expenses of HK\$13 million, HK\$18 million and HK\$26 million were reimbursed at cost; and HK\$19 million, HK\$23 million and HK\$48 million in respect of shared administrative services was reimbursed, respectively.

The following is a summary of other significant transactions between the Group and related parties, in addition to those disclosed elsewhere in the Financial Information, which were carried out in the normal course of the Group's business.

	Associated companies			Jointly controlled companies			Fellow subsidiary companies			Immediate holding company			Intermediate holding company			Related companies		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
Purchase of services (Note a)	—	—	—	—	—	—	7	7	9	—	—	—	—	—	—	—	—	—
Rental revenue (Note b)	—	—	—	—	—	—	43	53	56	7	10	10	10	32	40	40	14	17
Management fee expenses (Note c)	—	—	—	—	—	—	—	—	—	97	102	107	—	—	—	—	—	—
Interest income (Note d)	—	—	—	34	27	—	—	—	—	—	—	—	—	—	—	—	—	—
Interest charges (Note e)	7	5	1	—	—	—	1,013	1,228	1,182	—	—	—	—	—	—	—	—	—

Notes:

- (a) Purchases of goods and rendering of services to and from related parties were conducted in the normal course of business at prices and on terms no less favourable to the Group than those charged to/by and contracted with other customers/suppliers of the Group.
- (b) The Group has, in the normal course of its business, entered into lease agreements with related parties to lease premises for varying periods up to six years. The leases were entered into on normal commercial terms.
- (c) Management fee expenses are charged by the immediate holding company at amounts agreed by both parties.
- (d) Loans due from jointly controlled companies are disclosed in note 22.
- (e) Advances from associated companies and amount due to a fellow subsidiary company are disclosed in notes 29 and 30 respectively. The entrusted loan arrangement with jointly controlled companies of the immediate holding company is disclosed in note 32.
- (f) Remuneration of key management is disclosed in note 10.

43 Immediate and ultimate holding company

The immediate holding company is Swire Pacific Limited, a company incorporated and listed in Hong Kong. The ultimate holding company is John Swire & Sons Limited, a company incorporated in England.

44 Subsequent events**(a) Acquisition of US entities from the immediate holding company**

On 25th January 2010, the Group acquired all the shares of Swire Properties US Inc. and Swire Properties One Inc., which were wholly-owned subsidiaries of the immediate holding company of the Company, and all the outstanding related loan notes of Swire Properties US Inc. from the immediate holding company for a total consideration of HK\$1,108,132,451, which was satisfied by an issue by the Company of 1,108,132,451 new shares at par on the same date. Swire Properties US Inc. and Swire Properties One Inc. hold interests in the Mandarin Oriental Hotel on South Brickell Key, Miami, and hold condominiums and a number of development sites in Florida, USA.

The combined carrying value of assets and liabilities of Swire Properties US Inc., Swire Properties One Inc. and their subsidiaries as at 25th January 2010 is as follows:

	<u>HK\$ million</u>
Property, plant and equipment.....	1
Jointly controlled entity	9
Properties under development and for sale	803
Trade and other receivables.....	78
Amounts due from fellow subsidiaries	1
Tax recoverable.....	3
Cash and cash equivalents.....	120
Trade and other payables	(140)
Borrowings	(82)
Deferred tax liabilities	(12)
Net assets	<u>781</u>

(b) Inter-group funding arrangement

On 31st March 2010, Swire Properties (Finance) Limited, a wholly owned subsidiary of the Company, entered into loan agreements with a fellow subsidiary company, Swire Finance Limited, to record the terms of the outstanding borrowings of HK\$32,034 million payable to Swire Finance Limited. The loan agreements consist of five agreements and substantially mirror the terms and maturity profile of the underlying borrowings of Swire Finance Limited from third parties. The outstanding borrowings from Swire Finance Limited of HK\$32,034 million became repayable between August 2011 to August 2019 and has been classified as non-current liabilities as at 31st March 2010.

(c) Sale of an investment property

On 17th April 2010, a wholly owned subsidiary of the Company entered into a provisional agreement for sale and purchase with a third party to sell an investment property at a consideration of HK\$1,098 million. As at 31st December 2009, the carrying value of this investment property has HK\$592 million.

45 Principal subsidiary, associated and jointly controlled companies

As the date of this report, the Group has direct and indirect equity interest in the following principal subsidiary, associated and jointly controlled companies:

	Date of incorporation	Issued and fully paid capital/ paid-in capital at the date of this report	Percentage of equity capital in 2007, 2008 and 2009 and at the date of this report			Principal activities
			Attributable to the Group	Owned directly	Owned by subsidiary companies	
Subsidiary companies						
<i>Incorporated in Hong Kong, with limited liability and operate in Hong Kong:</i>						
Cathay Limited	20th Jun 1946	HK\$8,070	100	100	—	Property investment
Cityplaza Holdings Limited.....	15th Jun 1973	HK\$1,000	100	100	—	Property investment
Coventry Estates Limited.....	4th Jul 1973	HK\$40	100	—	100	Property investment
Festival Walk Holdings Limited.....	27th Oct 1992	HK\$1,000,000	100	50	50	Property investment
Golden Tent Limited	9th Aug 2007	HK\$1	100	—	100	Hotel investment
Island Delight Limited ..	30th Aug 2006	HK\$1	87.5	—	87.5	Property trading
Keen Well Holdings Limited.....	7th May 2007	HK\$1	80	—	80	Property trading
One Island East Limited.....	28th Jul 1994	HK\$2	100	100	—	Property investment
One Queen's Road East Limited.....	14th Jul 1989	HK\$2	100	100	—	Property investment
Oriental Landscapes Limited.....	30th Nov 1979	HK\$500,000	100	100	—	Landscaping services
Pacific Place Holdings Limited.....	18th Feb 1975	HK\$2	100	100	—	Property investment
Redhill Properties Limited.....	14th Mar 1972	HK\$250,000	100	100	—	Property investment
Swire Properties (Finance) Limited	16th Mar 1976	HK\$100	100	100	—	Financial Services
Swire Properties Management Limited.	31st Dec 1974	HK\$20	100	100	—	Property management
Swire Properties Projects Limited.....	11th Aug 1978	HK\$2	100	100	—	Project management
Swire Properties Real Estate Agency Limited.....	16th Apr 1996	HK\$20	100	100	—	Real estate agency
TaiKoo Place Holdings Limited.....	3rd Feb 1975	HK\$2	100	100	—	Property investment

	Date of incorporation	Issued and fully paid capital/ paid-in capital at the date of this report	Percentage of equity capital in 2007, 2008 and 2009 and at the date of this report			Principal activities
			Attributable to the Group	Owned directly	Owned by subsidiary companies	
<i>Incorporated in PRC, with limited liability and operate in PRC:</i>						
Beijing Sanlitun North Property Management Company Limited	15th Jan 2007	RMB1,392,000,000	80	—	80	Property investment
Beijing Sanlitun South Property Management Company Limited	15th Jan 2007	RMB1,598,000,000	80	—	80	Property investment
Beijing Sanlitun Hotel Management Company Limited (1),(4)	15th Jan 2007	RMB400,000,000	100	—	100	Hotel investment
Beijing Tianlian Real Estate Company Limited (1),(7)	16th Nov 2007	RMB782,000,000	100	—	100	Holding company
Sunshine Melody (Guangzhou) Properties Management Limited.	11th Jul 2005	RMB195,000,000	100	—	100	Property investment
TaiKoo Hui (Guangzhou) Development Company Limited (1).	14th Aug 2002	RMB2,000,000,000	97	—	97	Property investment
<i>Incorporated in the British Virgin Islands, with limited liability and operate in Hong Kong:</i>						
Boom View Holdings Limited	16th Jun 2006	US\$2	100	100	—	Property investment
Charming Grace Limited	8th Jun 2005	US\$1	100	100	—	Property development
Endeavour Technology Limited ⁽⁹⁾	18th Aug 2003	US\$1,000	87.5	—	87.5	Holding company
Peragore Limited ⁽⁹⁾	8th Feb 2007	US\$1,000	80	—	80	Holding company
Swire and Island Communication Developments Limited (5)	5th Nov 1991	HK\$1,010	60	60	—	Property investment
Swire Properties China Holdings Limited (8).	10th Aug 2006	US\$1	100	100	—	Holding company

	Date of incorporation	Issued and fully paid capital/ paid-in capital at the date of this report	Percentage of equity capital in 2007, 2008 and 2009 and at the date of this report			Principal activities
			Attributable to the Group	Owned directly	Owned by subsidiary companies	
<i>Incorporated in the United Kingdom, with limited liability and operate in United Kingdom:</i>						
New Light Hotels						
Limited.....	20th Aug 2007	GBP9,000,100	100	—	100	Hotel investment
Associated companies						
<i>Incorporated in Hong Kong, with limited liability and operate in Hong Kong:</i>						
Greenroll Limited ⁽³⁾	4th Jul 1986	HK\$454,410,000	20	20	—	Hotel investment
Queensway Hotel						
Limited ⁽³⁾	17th Sep 1996	HK\$1,000,000	20	—	⁽²⁾	Hotel investment
Richly Leader Limited ..	15th Sep 2004	HK\$1,000,000,000	20	—	20	Property investment
Shangri-La International						
Hotels (Pacific Place) Limited	13th Feb 1987	HK\$10,005,000	20	20	—	Hotel investment
Jointly controlled companies						
<i>Incorporated in Hong Kong, with limited liability and operate in Hong Kong:</i>						
Hareton Limited ⁽⁵⁾	6th Dec 1994	HK\$1,000	50	50	—	Property trading
<i>Incorporated in the British Virgin Islands with limited liability:</i>						
Dazhongli Properties						
Limited (operates in PRC).....	8th Mar 2002	US\$1,000	50	—	50	Holding company
Island Land						
Development Limited (operates in Hong Kong) ⁽⁵⁾	16th Nov 1993	HK\$1,000	50	50	—	Holding company
Newfoundworld						
Investment Holdings Limited (operates in Hong Kong)	28th Feb 2005	US\$5	20	—	20	Holding company
<i>Incorporated in PRC, with limited liability and operate in PRC:</i>						
Beijing Linlian Real Estate Co. Ltd. ^{(1),(6)} .						
1st Feb 2007	RMB400,000,000	50	—	50	Property investment	
Guan Feng (Shanghai)						
Real Estate Development Company Limited ⁽¹⁾ .	10th Jan 2003	US\$500,000,000	50	—	⁽²⁾	Property investment

	Date of incorporation	Issued and fully paid capital/ paid-in capital at the date of this report	Percentage of equity capital in 2007, 2008 and 2009 and at the date of this report			Principal activities
			Attributable to the Group	Owned directly	Owned by subsidiary companies	
Pei Feng (Shanghai) Real Estate Development Company Limited ⁽¹⁾	10th Mar 2003	US\$60,000,000	50	—	⁽²⁾	Property investment
Ying Feng (Shanghai) Real Estate Development Company Limited ⁽¹⁾	10th Jan 2003	US\$336,500,000	50	—	⁽²⁾	Property investment

⁽¹⁾ Translated name

⁽²⁾ Group interest held through jointly controlled and associated companies

⁽³⁾ The company was audited by KPMG for the years ended 31st December 2007, 2008 and 2009

⁽⁴⁾ The company was audited by Beijing Anhuaxin for the period/years ended 31st December 2007, 2008 and 2009

⁽⁵⁾ The companies were jointly audited by PricewaterhouseCoopers and KPMG for the years ended 31st December 2007, 2008 and 2009

⁽⁶⁾ The company was audited by Reanda Certified Public Accountants for the period ended 31st December 2007 and was audited by PricewaterhouseCoopers for the years ended 31st December 2008 and 2009

⁽⁷⁾ The company was audited by Beijing Zhongqiheng Certified Public Accountants Co., Ltd. for the period/years ended 31st December 2008 and 2009.

⁽⁸⁾ No statutory financial statements were issued since the date of its incorporation.

⁽⁹⁾ The Group held 100% equity interest in these companies in 2007.

Except as specified, all the above principal subsidiary, jointly controlled and associated companies were audited by PricewaterhouseCoopers for the period/years ended 31st December 2007, 2008 and 2009.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company and its subsidiaries in respect of any period subsequent to 31st December 2009. In addition, no dividend or distribution has been declared, made or paid by the Company or its subsidiaries in respect of any period subsequent to 31st December 2009.

Yours faithfully
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to provide prospective investors with further information on (i) how the Listing might have affected the financial position of the Group after the completion of the Global Offering; and (ii) how the Listing might have affected the unaudited pro forma forecast earnings per Share for the year ending 31st December 2010.

The unaudited pro forma financial information is derived according to a number of adjustments. Although reasonable care has been exercised in preparing such information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a true and complete picture of the actual financial performance and condition of the Group during the relevant period or any further period.

The information set forth in this Appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted net tangible assets of the Group prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to the Shareholder as at 31st December 2009 as if the Global Offering had taken place on 31st December 2009.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the Shareholder as at 31st December 2009 or at any future dates following the Global Offering.

	Unadjusted audited consolidated net tangible assets of the Group attributable to the Shareholder as at 31st December 2009⁽¹⁾	Estimated net proceeds from the Global Offering⁽²⁾	Unaudited pro forma adjusted net tangible assets of the Group attributable to the Shareholders	Unaudited pro forma adjusted net tangible assets per Share⁽³⁾
	HK\$ (in millions)	HK\$ (in millions)	HK\$ (in millions)	HK\$
Based on an Offer Price of HK\$20.75 per Offer Share	111,960	18,341	130,301	19.74
Based on an Offer Price of HK\$22.90 per Offer Share	111,960	20,254	132,214	20.03

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The unadjusted audited consolidated net tangible assets attributable to the Shareholder as at 31st December 2009 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the Shareholder of HK\$112,644 million with an adjustment for the intangible assets of HK\$684 million.
- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK\$20.75 per Offer Share and HK\$22.90 per Offer Share after deduction of the underwriting fees and commissions and other related expenses payable by the Company. We may pay the Joint Global Coordinators an additional incentive fee of up to 0.25% of the Offer Price of all the Offer Shares (excluding the Offer Shares purchased by a certain cornerstone investor and the Shares sold pursuant to the exercise of the Over-allotment Option). If we decide to pay such additional incentive fee, the net proceeds from the Global Offering and the unaudited pro forma adjusted net tangible assets per Shares will decrease.
- (3) The unaudited pro forma adjusted net tangible assets per Shares is arrived at after the adjustments referred to in Note (2) above and on the basis that 6,600,000,000 Shares were in issue assuming that the Global Offering has been completed on 31st December 2009.
- (4) As at 31st March 2010, the Group's property and leasehold land and land use rights (other than the Amalgamation Properties) were valued by DTZ and Christie + Co, independent property valuers, and the relevant property valuation reports are set out in Appendix IV "Property Valuation" to this prospectus. Amalgamation Properties were valued internally by qualified surveyors. The net revaluation surplus in respect of the land and buildings held for own use (including hotel properties), representing the excess of market value of the respective property and leasehold land and land use rights over their book value, is approximately HK\$4,096 million. Such revaluation surplus has not been included in the Group's consolidated financial information as at 31st December 2009 and will not be included in the Group's financial statements for the year ending 31st December 2010. The above adjustment does not take into account the above revaluation surplus. Had the property and leasehold land and land use rights in respect of the land and buildings held for own use (including hotel properties), been stated at such valuation, additional depreciation of HK\$58 million per annum would be charged against the consolidated income statement for the year ending 31st December 2010.
- (5) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 31st December 2009.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast basic and diluted earnings per Share have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had been taken place on 1st January 2010. This unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of financial results of the Group for the year ending 31st December 2010 or any future period.

Forecast consolidated profit attributable to equity
holders of the Company for the year ending
31st December 2010 (*Note 1*)Not less than HK\$7,143 million

Unaudited pro forma forecast basic and diluted earnings
per Share (*Note 2*)Not less than HK\$1.08

Notes:

- (1) The forecast consolidated profit attributable to shareholders of the Company for the year ending 31st December 2010 is extracted from the section headed “Financial Information — Profit Forecast for the Year Ending 31st December 2010” in this Prospectus. The bases and assumptions on which the above profit forecast has been prepared are summarised in Appendix III to this prospectus. The Directors of the Company have prepared the forecast consolidated profit attributable to shareholders of the Company for the year ending 31st December 2010 based on the unaudited consolidated results of the Group for the two months ended 28th February 2010 and an forecast of the consolidated results of the Group for the remaining ten months ending 31st December 2010. The forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Note 2 of Section II of the Accountant’s Report, the text of which is set out in Appendix I to this prospectus.
- (2) The unaudited pro forma forecast earnings per Share is calculated by dividing the forecast consolidated profit attributable to the shareholders of the Company for the year ending 31st December 2010, assuming that 5,690,000,000 Shares in issue at the date of this Prospectus and 910,000,000 Shares to be issued pursuant to the Global Offering had been in issue on 1st January 2010. The calculation assumes that the Over-allotment Option will not be exercised.

**C. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO
FORMA FINANCIAL INFORMATION**

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

**ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO
THE DIRECTORS OF SWIRE PROPERTIES LIMITED**

We report on the unaudited pro forma financial information of Swire Properties Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages II-1 to II-3 under the heading(s) of “Unaudited Pro Forma Statement of Adjusted Net Tangible Assets” and “Unaudited Pro Forma Earnings Per Share” (the “Unaudited Pro Forma Financial Information”) in Appendix II of the Company’s prospectus dated 3rd May 2010 (the “Prospectus”), in connection with the proposed initial public offering of the shares of the Company. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed initial public offering might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-3 of the Prospectus.

Respective Responsibilities of Directors of the Company and Reporting Accountant

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted audited consolidated net assets of the Group as at 31st December 2009 with the accountant’s report as set out

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

in Appendix I of the Prospectus, comparing the unaudited forecast profit attributable to equity holders of the Company for the year ending 31st December 2010 with the profit forecast as set out in the section headed “Financial Information” in the Prospectus, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the adjusted net tangible assets of the Group as at 31st December 2009 or any future date, or
- the earnings per share of the Group for the year ending 31st December 2010 or any future periods.

Opinion

In our opinion:

- a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 3rd May 2010

A. PROFIT FORECAST FOR THE YEAR ENDING 31ST DECEMBER 2010

On the bases and assumptions set out in the section headed “B. Bases and Assumptions” below and, in the absence of unforeseen circumstances, certain profit forecast data of the Group for the year ending 31st December 2010 are set out below:

Forecast profit attributable to the Shareholders Not less than HK\$7,143 million

Less: Adjustments in arriving at underlying profit
attributable to the Shareholders HK\$2,917 million

Forecast underlying profit attributable to the Shareholders Not less than HK\$4,226 million

Unaudited pro forma forecast earnings per Share

Pro forma basis

- Forecast profit attributable
to the Shareholders Not less than HK\$1.08 per Share

- Forecast underlying
profit attributable to the Shareholders Not less than HK\$0.64 per Share

Notes:

- (1) The bases and assumptions on which the above profit forecasts have been prepared are summarised in the section headed “B. Bases and Assumptions” below. The Directors have arrived at the forecast profit attributable to the Shareholders for the year ending 31st December 2010 based on the unaudited consolidated results derived from the management accounts of the Group for the two months ended 28th February 2010 and a forecast of the consolidated results of the Group for the remaining ten months ending 31st December 2010. The forecast profit attributable to the Shareholders has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Note 2 of Section II of the Accountant’s Report, the text of which is set out in Appendix I to this prospectus, with the additional policy of merger accounting being applied in relation to the acquisition of all the shares of Swire Properties US Inc. and Swire Properties One Inc. and all the outstanding related loan notes of Swire Properties US Inc. on 25th January 2010 (in relation to which further information is set out in the section headed “Financial Information — Recent Developments — Acquisition of U.S. Properties” in this prospectus).
- (2) Gross rental income represents a large component of our turnover. Accordingly, in arriving at our forecast profit attributable to the Shareholders for the year ending 31st December 2010, we have calculated the forecast gross rental income based on the sum of the contracted base rents payable plus an estimate of turnover rent under tenancy agreements as at 31st January 2010 and the Company’s estimates of base rental income plus turnover rent achievable upon expiry of such tenancy agreements as a result of renewals or new lettings.

The table below shows the composition of forecast retail and office base rental income by contracted rents payable and the Company's projections of base rent on lease renewals or new lettings (which should not be viewed as individual forecasts but as forming part of the bases and assumptions used in arriving at the profit forecasts). For the avoidance of doubt, the table below does not include forecast turnover rent as such rent is not committed.

	Percentage of committed base rents for the 12 months ending 31 December 2010
HK Retail	
Existing lease commitments.....	91.6%
Projected renewals or new lettings	<u>8.4%</u>
Total	<u>100.0%</u>
HK Office	
Existing lease commitments.....	89.2%
Projected renewals or new lettings	<u>10.8%</u>
Total	<u>100.0%</u>
PRC Retail	
Existing lease commitments.....	87.8%
Projected renewals or new lettings	<u>12.2%</u>
Total	<u>100.0%</u>

As the table indicates, the majority of our forecast retail and office base rental income is derived from existing lease commitments. Accordingly, we do not consider any sensitivity analysis in respect of lower market rents to be necessary given the modest impact we believe it is reasonable to anticipate they might have on our projections of base rental income.

- (3) The adjustments made in arriving at underlying profit attributable to the Shareholders are made to reconcile (1) the forecast profit attributable to the Shareholders with (2) the forecast underlying profit attributable to the Shareholders, in each case for the year ending 31st December 2010. The adjustments made (which principally adjust for the impact of HKAS 40 and HKAS-Int 21 on investment properties and deferred taxation respectively, together with a further adjustment to remove the movement in the fair value of the liability in respect of a put option in favour of our minority partner in Sanlitun Village), which should not be viewed as individual forecasts but as forming part of the bases and assumptions used in arriving at the profit forecasts, are as follows:
- (a) a reduction to forecast profit attributable to the Shareholders for the forecast fair value gains on investment properties (net of deferred tax and share of minority interests) of HK\$3,198 million, including our share of fair value gains on investment properties of our jointly controlled companies and associated companies (net of deferred tax).
- (i) The fair value gains on our properties in Hong Kong are expected to be significantly smaller than in 2009. This reflects our expectations that growth in market rents in Hong Kong is likely to be limited and that the reduction in capitalisation rates experienced in 2009 is not likely to be repeated.
- (ii) In the PRC, our investment properties under development were revalued from their carrying amounts (which were based on cost) to fair value in 2009. As a result the forecast fair value gains on these properties in 2010 are expected to be lower than in 2009. Despite this, the fair values of our properties in the PRC are expected to increase at a faster rate than in Hong Kong. This primarily reflects forecast growth in market rents in Beijing, Shanghai and Guangzhou and, to a lesser extent, increased certainty as to prospective

income (in the case of TaiKoo Hui as its expected completion date gets closer and pre-leasing takes place), recent transactions of comparable properties in Shanghai (in the case of Dazhongli) and further progress in construction and thus a lower development risk as completion of the project gets nearer in time (in the case of INDIGO).

- (iii) The fair value gains on our investment properties (net of deferred tax and share of minority interests), including our share of fair value gains on investment properties of our jointly controlled companies and associated companies (net of deferred tax), for the three months ended 31st March 2010 represent more than 65% of the forecast fair value gains on our investment properties (net of deferred tax and share of minority interests), including the Company's share of fair value gains on investment properties of our jointly controlled companies and associated companies (net of deferred tax), for the year ending 31st December 2010.
- (iv) The table below shows a breakdown of the forecast fair value gains on our investment properties (net of deferred tax and share of minority interests), including our share of fair value gains on investment properties of our jointly controlled companies and associated companies (net of deferred tax).

	Hong Kong	PRC	Total
	2010	2010	2010
	HK\$	HK\$	HK\$
	(in millions)	(in millions)	(in millions)
Offices and Techno Centres	994	—	994
Retail	149	440	589
Residential	228	—	228
Properties under development	(133)	1,404	1,271
Total	1,238	1,844	3,082
Less: owner-occupied space			(101)
Change in fair value of investment properties			2,981
Less: deferred tax			(680)
Change in fair value of investment properties (net of deferred tax)			2,301
Add: revaluation movements in jointly controlled companies and associated companies (net of deferred tax)			930
Less: minority interests' share of revaluation movements less deferred tax			(33)
Revaluation movement attributable to the Shareholders less deferred tax			3,198

- (b) an increase to forecast profit attributable to the Shareholders of HK\$225 million consisting of:
- (i) HK\$213 million in respect of fair value gains recognised up to 31st December 2009 on investment properties which the Company has agreed or intends to dispose of in 2010. These gains recognised in prior years are treated as being realised in 2010 for the purpose of calculating underlying profit as these gains would have been recognised in the income statement on disposal of the investment properties in 2010 had HKAS 40 not been applied; and
- (ii) HK\$12 million in respect of forecast depreciation in respect of properties occupied by the Group to adjust for the impact of HKAS 40; and
- (c) an increase of HK\$56 million in respect of removal of the effect of the forecast movement in the fair value of the liability in respect of a put option in favour of our minority partner in Sanlitun Village.

- (4) Under HKFRS, the valuations of investment properties are reflected in our financial statements. Gains or losses arising from changes in the fair value of our investment properties are accounted for as fair value gains or losses on investment properties in our income statement.

The significant rise in fair value gains on completed investment properties in 2009 is not expected to be repeated in 2010. In addition, all investment properties under development were re-valued from their carrying amounts (which were based on cost) to fair value in 2009, thereby reducing their impact on fair value gains in 2010.

The fair value gains on investment properties have been estimated based on projected valuations at 31st December 2010 according to a basis of valuation which is, so far as practicable, consistent with the basis of valuation which has been adopted in valuing our properties for the purposes of our audited consolidated financial statements contained elsewhere in this prospectus and in the property valuation reports in Appendix IV. Accordingly, we have arrived at the projected valuation at 31st December 2010 of the Group's investment property portfolio by capitalising the rental income derived from existing tenancies with due provision for reversionary income potential. The projected valuation at 31st December 2010 of investment properties under construction is based on the expected market value of the property (on the assumption that it will have been completed on or (as the case may be) before 31st December 2010) adjusted for the estimated costs to complete the project. The projected valuations at 31st December 2010 have been prepared by us and reviewed (except in relation to Amalgamation Properties) by our independent property valuer, DTZ, and our property specific estimates of average rents and capitalisation rates in Hong Kong and the PRC for the purpose of our projected valuations at 31st December 2010 are generally agreed with by them. The trends in 2010 for the property specific average rents and capitalisation rates are generally in line with the trends for city-wide rentals and capital values for 2010 projected by our independent market consultant, DTZ, as set out in the market research report included in Appendix V to this prospectus. We expect the fair value of our investment properties as at 31st December 2010, and in turn any fair value gain or loss on our investment properties (and consequential effect on deferred tax) and the liability in respect of the put option which our minority partner has in respect of its interest in Sanlitun Village, to continue to be dependent on market conditions and other factors that are beyond our control, and to be based on valuations performed by qualified surveyors involving the use of assumptions that are, by their nature, subjective and uncertain, including those described in the section headed "Risk Factors — Risks relating to the Global Offering — The valuation attached to our property interests and our profit forecast contain assumptions that may or may not prove to be accurate" in this prospectus.

In relation to Sanlitun Village and for the purpose of preparing the forecast profits attributable to the Shareholders, we have estimated the value as at 31st December 2010 of the liability in respect of the put option which our minority partner has in respect of its interest in Sanlitun Village. For details of the put option, see the section headed "Business — Completed Investment Properties — the PRC — (i) Sanlitun Village, Beijing" in this prospectus. For such purpose, we have estimated the present value (as at 31st December 2010) of the redemption amount of such put option, by reference principally to the estimated fair value of the portions of Sanlitun Village in which our minority partner is interested, subject to certain agreed assumptions and adjusted to reflect the difference between the current assets and the liabilities of (and accrued tax in the ordinary course of business payable by) the holding company through which the interests of ourselves and our minority partner in those portions of Sanlitun Village are held.

The following table illustrates the sensitivity of the forecast profit attributable to the Shareholders to levels of fair value gains on investment properties (net of deferred tax and share of minority interests, including our share of fair value gains on investment properties of our jointly controlled entities and associated companies (net of deferred tax)) for the year ending 31st December 2010:

Changes in fair value gains on investment properties compared to our estimated fair value gains on such investment properties of HK\$3,198 million	-30%	-20%	-10%	10%	20%	30%
Impact on forecast profit attributable to the Shareholders (HK\$ millions) (having taken into account the amount of the liability in respect of the put option referred to above)...	-972	-648	-324	324	648	972

This sensitivity illustration is intended for reference only, and any variation could exceed the ranges given. Investors should note in particular that (i) this sensitivity illustration is not intended to be exhaustive and is limited to the impact of changes in the level of fair value gains on investment properties and (ii) the profit forecast is subject to further and additional uncertainties generally. While we have considered for the purposes of the profit forecast what we believe are the best estimates of the fair value gains on our investment properties in 2010, and our property valuers are of the view that the assumptions upon which the forecast is based are reasonable, the fair value of our investment properties and/or any fair value gains or losses on investment properties as at the relevant time may differ materially from our estimates, and are dependent on market conditions and other factors that are beyond our control. See “Risk Factors — Risks relating to the Global Offering — The valuation attached to our property interests and our profit forecast contain assumptions that may or may not prove to be accurate”.

- (5) The unaudited pro forma forecast earnings per Share is calculated by reference to the forecast profit attributable to the Shareholders for the year ending 31st December 2010 or, as the case may be, the forecast underlying profit attributable to the Shareholders for the year ending 31st December 2010, assuming that 5,690,000,000 Shares in issue at the date of this prospectus and 910,000,000 Shares to be issued pursuant to the Global Offering had been in issue on 1st January 2010.

B. BASES AND ASSUMPTIONS

The Directors have prepared the forecast of the consolidated profit attributable to the shareholders of the Company for the year ending 31st December 2010 based on the unaudited consolidated results based on the management accounts of the Group for the two months ended 28th February 2010 and a forecast of the consolidated results of the Group for the remaining ten months ending 31st December 2010.

The profit forecast has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by the Company as summarised in the Accountant’s Report, the text of which is set out in Appendix I to this prospectus.

General assumptions

The Directors have adopted the following principal assumptions in the preparation of the profit forecast:

- There will be no material changes in existing government policies, political, legal, fiscal, market or economic conditions in the PRC, Hong Kong, the U.S., the U.K. or any other countries or territories in which we currently operate or which are otherwise material to our business.
- There will be no changes in legislation, regulations or rules in the PRC, Hong Kong, the U.S., the U.K. or any other countries or territories in which we operate or with which we have arrangements or agreements, which may adversely affect our business or operations.
- Our operations will not be materially and adversely affected by any of the risk factors set out in the section headed “Risk Factors” in this prospectus.
- There will be no material changes in foreign exchange rates, interest rates and inflation rates.

- There will be no material changes in the bases or applicable rates of taxation, surcharges or other government levies in the countries or territories in which the Group operates except as otherwise disclosed in this prospectus.
- There will be no wars, military incidents, epidemics (including SARS, or H1N1 or H5N1 influenza), natural disasters, or force majeure events, unforceable factors or reasons that are beyond the control of the Directors, that would have a material impact on our business and operating activities.
- Major contracts for the leasing and sales of properties and letters of intent for leases will not be cancelled.
- Our properties are developed in accordance with management's plans and there are no substantial variations of construction costs from budgeted amount. There are no substantial changes in development schedules, including as a result of delays in relocation, the obtaining of PRC government approvals or the completion of works by our contractors.
- We can continue to use current approved or applicable tax collection methods during the forecast period.
- Specific assumptions in respect of investment property valuation:
 - (i) the Hong Kong and the PRC governments will not introduce material changes or impose additional austerity measures to dampen the sales and prices of the real estate markets;
 - (ii) the conditions under which the investment properties are being operated and which are material to the revenue and costs of the properties remain unchanged;
 - (iii) property-specific factors such as the building facilities provision, building specifications, ventilation systems, ancillary supporting retail services, quality of property management and tenants' profiles remain unchanged; and
 - (iv) the leases of all units of our properties will be renewed upon expiry on normal commercial terms.

C. LETTERS

The following is the text of the letters prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong and from the Joint Sponsors in connection with the profit forecast.

(1) LETTER FROM THE REPORTING ACCOUNTANT



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

3rd May 2010

The Directors
Swire Properties Limited

Goldman Sachs (Asia) L.L.C.
The Hongkong and Shanghai Banking Corporation Limited
Morgan Stanley Asia Limited

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the forecast of the consolidated profit attributable to shareholders of Swire Properties Limited (the "Company") for the year ending 31st December 2010 (the "Profit Forecast") as set out in the subsection headed "Profit Forecast for the Year Ending 31st December 2010" in the section headed "Financial Information" in the prospectus of the Company dated 3rd May 2010 (the "Prospectus").

We conducted our work in accordance with Auditing Guideline 3.341 on "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as "the Group") for the two months ended 28th February 2010 and a forecast of the consolidated results of the Group for the remaining ten months ending 31st December 2010.

In our opinion, the Profit Forecast, so far as the calculations and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company as set out on pages III-1 to III-6 of the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Note 2 of section II of our accountant's report dated 3rd May 2010, the text of which is set out in Appendix I of the Prospectus.

Without qualifying our opinion above, we draw attention to pages III-1 to III-6 of the Prospectus which sets out the assumptions adopted by the directors of the Company regarding the fair values of the Group's investment properties as at 31st December 2010. In preparing the Profit Forecast, the directors of the Company have assumed that there will be a net increase to the consolidated profit attributable to the shareholder in respect of the revaluation increase on these investment properties, net of the related deferred tax effect and the consequential increase in the value of the put option liability in respect of the minority interest in a subsidiary company (the "Put Option"), of HK\$3,142 million for the year ending 31st December 2010, which are estimated based on the projected valuations at 31st December 2010. The independent valuer is of the view that the assumptions on the fair value of these investment properties upon the Profit Forecast is based are reasonable. The directors of the Company have confirmed that the projected valuation of the investment properties and the Put Option at 31st December 2010 has been compiled according to valuation bases which are consistent with those adopted by the Company's independent valuer in valuing these properties as at 31st December 2009. The directors of the Company believe that the fair value of the investment properties and the Put Option is the best estimates as at 31st December 2010. However, the fair value of the investment properties and the Put Option and consequently any revaluation increase or decrease on investment properties, and the consequential effect on deferred tax and finance charges or income as at 31st December 2010 may differ materially from the present estimates as they depend on market conditions as at 31st December 2010 and other future events that are beyond the Group's control. Should the actual increase or decrease in fair value of the investment properties and the Put Option differ from the amount presently estimated by the directors of the Company, such difference would have the effect of increasing or decreasing the consolidated net profit of the Group attributable to shareholders of the Company for the year ending 31st December 2010.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

(2) LETTER FROM THE JOINT SPONSORS

**Goldman
Sachs****HSBC** **Morgan Stanley**

The Board of Directors
Swire Properties Limited

3rd May 2010

Dear Sirs

We refer to the forecast profit attributable to the shareholders of Swire Properties Limited (the “**Company**”) for the year ending 31st December 2010 (the “**Profit Forecast**”) as set out in the prospectus issued by the Company dated 3rd May 2010 (the “**Prospectus**”).

We understand the Profit Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the unaudited consolidated results based on the management accounts of the Company and its subsidiaries (the “**Group**”) for the two months ended 28th February 2010 and a forecast of the consolidated results of the Group for the remaining ten months ending 31st December 2010.

We have discussed with you the bases and assumptions made by the directors of the Company as set out in Appendix III to the Prospectus upon which the Profit Forecast has been made. We have also considered the letter dated 3rd May 2010 addressed to you and us from PricewaterhouseCoopers regarding the accounting policies and calculations upon which the Profit Forecast has been based.

On the basis of the information comprising the Profit Forecast and on the bases and assumptions of the accounting policies and calculations adopted by you and reviewed by PricewaterhouseCoopers, we are of the opinion that the Profit Forecast, for which you as the directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully
For and on behalf of
Goldman Sachs (Asia) L.L.C.

Yours faithfully
For and on behalf of
**The Hongkong and
Shanghai Banking
Corporation Limited**

Yours faithfully
For and on behalf of
Morgan Stanley Asia Limited

Alex Schrantz
Managing Director

Stephen J. Clark
Managing Director
Advisory, Global Banking

George Taylor
Managing Director

A. PROPERTY VALUATION BY DTZ

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this prospectus received from DTZ, an independent property valuer, in connection with its opinion of value of the property interests of the Group in Hong Kong, the PRC, the United States and Vietnam and certain property interests of the Group in the United Kingdom as at 31 March 2010. A copy of the full valuation report relating to such property interests of the Group in compliance with paragraph 34(2) of Part II of the Third Schedule of Companies Ordinance and paragraph 3(c) of Practice Note 16 prepared by DTZ is made available for public inspection.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

3rd May 2010

The Directors
Swire Properties Limited
35th Floor, Two Pacific Place
88 Queensway
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by Swire Properties Limited (the "Company") or its subsidiaries or its associated companies (hereinafter together referred to as the "Group") in Hong Kong, the People's Republic of China (the "PRC"), the United States of America (the "United States"), Vietnam and the United Kingdom, we confirm that we have carried out inspections, made relevant searches and enquiries and obtained such further information as we consider necessary for the purpose of providing the Group with our opinion of the market values of those property interests as at 31 March 2010 (the "date of valuation").

Our valuation of each of the property interests represents the market value which in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Our valuation of each of the property interests excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In forming our opinion of values of the property interests in Groups I, VI and X which are held by the Group for investment in Hong Kong, the PRC and the United States respectively and in Groups II and XI which are held by the Group for sale in Hong Kong and in the United States respectively, we have valued each of them by investment approach by capitalizing the rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by the Direct Comparison Method by making reference to comparable sales transactions as available in the relevant market.

Regarding the property interests in Groups III and VII which are held under development by the Group in Hong Kong and the PRC respectively, we have valued them on the basis that they will be developed and completed in accordance with the latest development proposals provided to us by the Group. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been or will be obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been or will be approved by the relevant authorities. In arriving at our valuations, we have adopted the Direct Comparison Method by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments. The capital value when completed represents our opinion of the aggregate values of the development assuming it would have been completed at the date of valuation.

In relation to the property interests in Groups IV and XII which are held by the Group for future development in Hong Kong and the United States respectively, we have valued them on an assumption that they will be developed in accordance with the proposals provided to us by the Group, if any. In arriving at our valuations, we have adopted the Direct Comparison Method by making reference to comparable sales evidence as available in the relevant market.

In respect of the property interest in Group VIII which is contracted to be acquired by the Group in the PRC, we have valued the property on the basis that it will be developed and completed in accordance with the proposal provided to us by the Group. We have assumed that approvals for the proposal have been or will be obtained. In arriving at our valuation, we have adopted the Direct Comparison Method by making reference to comparable sales evidence as available in the relevant market.

The property interests in Group V comprising other properties held by the Group in Hong Kong are considered to have no commercial value as the properties either fall within town planning zones which do not permit use or development of material commercial value or are in physical conditions and states which are of no commercial value.

In valuing the property interest in Group IX, which is held by the Group for resettlement purpose in the PRC, we have adopted the Direct Comparison Method by making reference to comparable sales transactions as available in the relevant market.

The property interests in Groups XIII, XIV, XV, XVI and XVII which are leased to the Group in Hong Kong, the PRC, the United States, Vietnam and the United Kingdom respectively, are considered to have no commercial value due to the prohibitions against assignment of the property interests or otherwise due to the lack of substantial profit rents.

In valuing the property interests, we have complied with the requirements set out in Chapter 5 and Practice Note 12 (except Vietnam for which a waiver has been granted) and Practice Note 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

In accordance with paragraph 3(b) of Practice Note 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, we have excluded the full text concerning valuation of the property interests held by the Group under operating leases from the valuation certificates.

In valuing the property interests in Hong Kong of which the Government Leases expired before 30 June 1997, we have taken into account that the provisions contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the PRC on the question of Hong Kong as well as in the New Territories Leases (Extension) Ordinance that such leases have been extended without premium until 30 June 2047 and a rent of 3% of the rateable value is charged per annum for each property interest from the date of extension.

Unless otherwise stated, in the course of our valuation of the property interests situated in the PRC, we have assumed that transferable land use rights in respect of the property interests for specific terms at nominal annual land use fees have been granted and that, any premiums payable have already been fully paid. We have also assumed that the grantees or the users of the property interests have free and uninterrupted rights to use or to assign the property interests for the whole of the unexpired terms as granted. We have relied on the advice given by the Group and the Group's legal adviser, Jingtian & Gongcheng, on the PRC laws, regarding the title to each of the property interests in the PRC and the Group's interests in the properties in the PRC.

We have relied to a very considerable extent on the information given by the Group and its legal adviser on the PRC laws. We have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenures, identification of property interests, particulars of occupancy, tenancy details, site and floor plans, site and floor areas, development scheme, construction costs and development time schedule, interest attributable to the Group and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by the Group and are therefore only approximations. Unless otherwise stated, no on-site measurement has been carried out. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which are material to the valuations. We were also advised by the Group that no material facts have been omitted from the information supplied.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are, however, not able to report that the properties are free of rot, infestation or other structural defects. No test was carried out on any of the services. Moreover, we have not carried out investigations on site to determine the suitability of soil conditions and services for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no unexpected costs or delays will be incurred during the construction period.

We have not carried out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents provided to us are correct.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property interests nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Unless otherwise stated, all money amounts stated in our valuations are in Hong Kong dollars (“HK\$”) for the property interests situated in Hong Kong, in Renminbi (“RMB”) for the property interests situated in PRC, in United States dollars (“US\$”) for the property interests situated in the United States and Vietnam, and in Pounds (“£”) for the property interests in the United Kingdom. The exchange rates adopted in our valuations are RMB1=HK\$1.136, US\$1=HK\$7.8 and £1=HK\$12.5092 which were the approximate exchange rates prevailing as at the date of valuation.

The area conversion factor in this report is taken as 1 sq.m. = 10.764 sq.ft.

We enclose herewith a summary of valuations and our valuation certificates.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
K.B. Wong
Registered Professional Surveyor
(General Practice Division)
China Real Estate Appraiser
M.R.I.C.S., M.H.K.I.S.
Director

Note: Mr. K.B. Wong is a Registered Professional Surveyor who has over 25 years' experience in the valuation of properties in Hong Kong, over 20 years' experience in the valuation of properties in the PRC and extensive experience in the valuation of properties in the United States, the United Kingdom and Vietnam.

SUMMARY OF VALUATIONS

<u>Property interest</u>	<u>Capital value in existing state as at 31 March 2010</u>	<u>Interest attributable to the Group</u>	<u>Capital value in existing state attributable to the Group as at 31 March 2010</u>
	(HK\$)	(%)	(HK\$)
Group I — Property interests held by the Group for investment in Hong Kong			
1. Pacific Place Apartments, Pacific Place, 88 Queensway, Hong Kong	6,360,000,000	100	6,360,000,000
2. Apartments 1B, 2C, 3A, 4A, 5B and 7B, Eredine, 38 Mount Kellett Road, The Peak, Hong Kong	339,000,000	100	339,000,000
3. House B, 36 Island Road, Deep Water Bay, Hong Kong	126,000,000	100	126,000,000
4. Rocky Bank, 6 Deep Water Bay Road, Hong Kong	476,000,000	100	476,000,000
5. 6, 8, 10, 12, 14 and 16 Peel Rise, The Peak, Hong Kong	634,000,000	100	634,000,000
6. White Jade, Cheung Sha, Lantau Island, New Territories	17,700,000	100	17,700,000
7. Green Jade, Cheung Sha, Lantau Island, New Territories	17,700,000	100	17,700,000
8. The Mall and 470 car parking spaces, Pacific Place, 88 Queensway, Hong Kong	20,685,000,000	100	20,685,000,000

APPENDIX IV
PROPERTY VALUATION

Property interest	Capital value in existing state as at 31 March 2010	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 31 March 2010
	(HK\$)	(%)	(HK\$)
9. One Pacific Place, 88 Queensway, Hong Kong	16,248,000,000	100	16,248,000,000
10. Two Pacific Place, 88 Queensway, Hong Kong	11,995,000,000	100	11,995,000,000
11. Three Pacific Place, 1 Queen's Road East, Hong Kong	10,073,000,000	100	10,073,000,000
12. Festival Walk, 80 Tat Chee Avenue, Yau Yat Tsuen, Kowloon	15,908,000,000	100	15,908,000,000
13. Cityplaza, Taikoo Shing, Quarry Bay, Hong Kong	8,005,000,000	100	8,005,000,000
14. Cityplaza One, Taikoo Shing, Quarry Bay, Hong Kong	3,986,000,000	100	3,986,000,000
15. Cityplaza Three, 14 Taikoo Wan Road, Taikoo Shing, Quarry Bay, Hong Kong	2,831,000,000	100	2,831,000,000
16. Cityplaza Four, 12 Taikoo Wan Road, Taikoo Shing, Quarry Bay, Hong Kong	3,432,000,000	100	3,432,000,000
17. Cambridge House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	1,758,000,000	100	1,758,000,000

APPENDIX IV**PROPERTY VALUATION**

Property interest	Capital value in existing state as at 31 March 2010	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 31 March 2010
	(HK\$)	(%)	(HK\$)
18. Devon House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	5,498,000,000	100	5,498,000,000
19. Dorset House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	3,958,000,000	100	3,958,000,000
20. Lincoln House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	2,205,000,000	100	2,205,000,000
21. Oxford House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	3,067,000,000	100	3,067,000,000
22. PCCW Tower, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	4,082,000,000	20	816,400,000
23. One Island East, 18 Westlands Road, Quarry Bay, Hong Kong	10,650,000,000	100	10,650,000,000
24. 625 King's Road, North Point, Hong Kong	1,448,000,000	50	724,000,000

APPENDIX IV
PROPERTY VALUATION

Property interest	Capital value in existing state as at 31 March 2010	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 31 March 2010
	(HK\$)	(%)	(HK\$)
25. Commercial Accommodation of Island Place, 500 King's Road, and the Car Parking Areas of Island Place, Nos. 51/61 Tanner Road, North Point, Hong Kong	722,000,000	60	433,200,000
26. Stages I (Tsui Woo Terrace), II (Kao Shan Terrace), III (Kao Shan Terrace), IV (Kam Din Terrace), V (On Shing Terrace), VI, VII, VIII, IXA (Harbour View Gardens), IXB (Kwun Hoi Terrace), X (Sing Fai Terrace) and XI (Horizon Garden), non-domestic units and car parking spaces, on Ground, 1st and 2nd Floors, Taikoo Shing, Quarry Bay, Hong Kong	2,527,400,000	100	2,527,400,000
27. The commercial and office accommodations and the whole of Car Park (including 1,156 car parking spaces) of Citygate, Tung Chung, Lantau Island, New Territories	3,243,000,000	20	648,600,000
28. Commercial Development, Tung Chung Crescent, Tung Chung, Lantau Island, New Territories	293,000,000	20	58,600,000
29. Commercial units of Towers 1 and 2 and car parking areas, Starcrest, 9 Star Street, Wanchai, Hong Kong	147,000,000	100	147,000,000

APPENDIX IV**PROPERTY VALUATION**

Property interest	Capital value in existing state as at 31 March 2010	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 31 March 2010
	(HK\$)	(%)	(HK\$)
30. 21-29 (formerly 21, 23, 25, 27 and 29) Wing Fung Street, Wanchai, Hong Kong	197,000,000	100	197,000,000
31. Major portion of Cornwall House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	917,000,000	100	917,000,000
32. Somerset House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	2,878,000,000	100	2,878,000,000
33. Warwick House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	1,904,000,000	100	1,904,000,000
34. The Upper House, Pacific Place, 88 Queensway, Hong Kong	2,460,000,000	100	2,460,000,000
35. EAST, Hong Kong, 29 Taikoo Shing Road, Taikoo Shing, Quarry Bay, Hong Kong	1,180,000,000	100	1,180,000,000
36. Novotel Citygate Hong Kong, Tung Chung, Lantau Island, New Territories	839,000,000	20	167,800,000
37. Island Shangri-La Hong Kong, Pacific Place, 88 Queensway, Hong Kong	4,840,000,000	20	968,000,000

APPENDIX IV
PROPERTY VALUATION

Property interest	Capital value in existing state as at 31 March 2010	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 31 March 2010
	(HK\$)	(%)	(HK\$)
38. Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong	3,980,000,000	20	796,000,000
39. JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong	3,930,000,000	20	786,000,000
40. Yau Tong Marine Lot Nos. 5, 35, 36 and 37 and Section B of Yau Tong Marine Lot No. 22 and the Extension thereto, Yau Tong, Kowloon	303,000,000	YTML35: 100 Remainder: 20	111,600,000
41. The Group's development right and right to all receivables arising out of 4-6 Tsing Tim Street, Tsing Yi, New Territories	169,400,000	100	169,400,000
42. BAX Global Building (formerly DSL Building), 8-12 Tsing Tim Street, Tsing Yi, New Territories	169,500,000	100	169,500,000
43. Major portion of Sincere Insurance Building, 4-6 Hennessy Road, 6-10 Queen's Road East, Wanchai, Hong Kong	507,000,000	100	507,000,000
44. Shops A to N on Ground Floor, Wing Fung Building, 8-10 Wing Fung Street, Wanchai, Hong Kong	43,100,000	100	43,100,000

APPENDIX IV**PROPERTY VALUATION**

Property interest	Capital value in existing state as at 31 March 2010	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 31 March 2010
	(HK\$)	(%)	(HK\$)
45. Shops 12, 14 and 16 on Ground Floor, Community Premises on 1st Floor and Pergola on 2nd Floor, Regal Court, 12-18 Wing Fung Street, Wanchai, Hong Kong	41,600,000	100	41,600,000
46. 1st Floor, 2nd Floor and the Podium Roof on 3rd Floor, Lok Moon Mansion, 29-31 Queen's Road East, Wanchai, Hong Kong	158,200,000	100	158,200,000
47. Shop No. 14A on Ground Floor, Hoi Kwong Court, Nos. 13/15 Hoi Kwong Street, Quarry Bay, Hong Kong	12,400,000	100	12,400,000
48. 5 shops on Ground Floor, Wah Yuen Building, 19-27 Tong Chong Street, Quarry Bay, Hong Kong	49,800,000	100	49,800,000
49. 14 shops on Ground Floor, Sea View Building, 29-41 Tong Chong Street, 31-43 Hoi Wan Street, Quarry Bay, Hong Kong	96,700,000	100	96,700,000
50. Shops Nos. SLG3, SLG4, SLG5, SLG8, SLG9 and SLG10 on Sub Lower Ground Floor, Westlands Gardens, 1025-1037 King's Road, 2-10, 12A-12H Westlands Road, Quarry Bay, Hong Kong	118,700,000	100	118,700,000

APPENDIX IV
PROPERTY VALUATION

Property interest	Capital value in existing state as at 31 March 2010 (HK\$)	Interest attributable to the Group (%)	Capital value in existing state attributable to the Group as at 31 March 2010 (HK\$)
51. Shop No. B08 and Peacock Area on Ground Floor, 45 Tai Hong Street, Yat Sing Mansion, Yat Hong Mansion, Yat Wing Mansion, Yat Wah Mansion, Site B, Lei King Wan, Hong Kong	5,750,000	100	5,750,000
52. Shop 102 on the 1st Floor of Nam Fung Court, Harbour Heights, and an open area near Harbour Heights, Fook Yam Road, North Point, Hong Kong	21,300,000	100	21,300,000
53. Inland Lot No. 8842, Pokfulam, Hong Kong	7,420,000	100	7,420,000
54. Woodgreen, Pui O, Lantau Island, New Territories	7,700,000	100	7,700,000
55. Fairfield, Pui O, Lantau Island, New Territories	7,300,000	100	7,300,000
56. Wildslopes, San Shek Wan, Lantau Island, New Territories	26,300,000	100	26,300,000
57. Swire Hostel, Pui O, Lantau Island, New Territories	11,100,000	100	11,100,000
58. Unit A of Ground Floor, Unit A on 1st Floor and Basement, Tung Hey Building, 12-22 Queen's Road East, Wanchai, Hong Kong	134,100,000	100	134,100,000

APPENDIX IV
PROPERTY VALUATION

Property interest	Capital value in existing state as at 31 March 2010	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 31 March 2010
	(HK\$)	(%)	(HK\$)
59. Ground Floor, 1 Wing Fung Street, Wanchai, Hong Kong	18,300,000	100	18,300,000
60. Units 2 and 3, Ground Floor, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong	80,300,000	100	80,300,000
61. Ground Floor and Cockloft of Low Block, Vincent Mansion, 7 Star Street, Wanchai, Hong Kong	19,900,000	100	19,900,000
62. 3 shops on Ground Floor, Hoi Wan Building, 17, 19 and 21 Hoi Wan Street, Quarry Bay, Hong Kong	27,600,000	100	27,600,000
Total of Group I:			147,723,470,000
Group II — Property interests held by the Group for sale in Hong Kong			
63. Various residential private car parking spaces, Tung Chung Crescent, Tung Chung, Lantau Island, New Territories	58,000,000	20	11,600,000
64. Various residential private car parking spaces, Seaview Crescent, 8 Tung Chung Waterfront Road, Tung Chung, Lantau Island, New Territories	26,000,000	20	5,200,000
65. The Group's attributable interest in the commercial portions and 17 car parking spaces in Belair Monte, 3 Ma Sik Road, Fanling, New Territories	10,000,000	100	10,000,000

APPENDIX IV
PROPERTY VALUATION

Property interest	Capital value in existing state as at 31 March 2010	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 31 March 2010
	(HK\$)	(%)	(HK\$)
66. The Group's right to payment of fees in respect of the unsold portion of Island Lodge, 180 Java Road, North Point, Hong Kong	80,950,000	100	80,950,000
Total of Group II:			107,750,000
Group III — Property interests held by the Group under development in Hong Kong			
67. 24-34 Hennessy Road, Wanchai, Hong Kong	1,250,000,000	100	1,250,000,000
68. 5 Star Street, Wanchai, Hong Kong	243,000,000	100	243,000,000
69. 2A-E Seymour Road, 4, 4A, 6 and 6A Castle Steps, 23, 25, 27 and 29 Castle Road, Mid-Levels West, Hong Kong	3,069,000,000	87.5	2,685,375,000
70. 51 and 53 Seymour Road, 140, 140A, 142 and 142A Caine Road, Mid-Levels West, Hong Kong	1,015,000,000	100	1,015,000,000
71. 25A, 25B, 27, 27A, 27B, 29, 29A, 31, 33 and 35 Seymour Road, 14 and 16 Castle Road, Mid-Levels West, Hong Kong	2,092,000,000	100	2,092,000,000
72. 1-9 and 2-10 Sai Wan Terrace, Quarry Bay, Hong Kong	1,234,000,000	80	987,200,000

APPENDIX IV**PROPERTY VALUATION**

Property interest	Capital value in existing state as at 31 March 2010	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 31 March 2010
	(HK\$)	(%)	(HK\$)
73. 92, 92A, 94, 96, 98, 100 and 102 Caine Road, 18, 18A, 20, 20A, 22 and 22A Castle Road, Mid-Levels West, Hong Kong	2,232,000,000	100	2,232,000,000
			<hr/>
	Total of Group III:		10,504,575,000
Group IV — Property interest held by the Group for future development in Hong Kong			
74. 8-10 Wong Chuk Hang Road, Aberdeen, Hong Kong	224,000,000	50	112,000,000
			<hr/>
	Total of Group IV:		112,000,000
Group V — Other property interests held by the Group in Hong Kong			
75. Landscaped areas near Stages II, III, IV, IXB and X, between Stages I and IXB, and the Linear Garden, Taikoo Shing, Quarry Bay, Hong Kong			No commercial value
76. Private Road in Taikoo Shing, Quarry Bay, Hong Kong			No commercial value
77. Tong Chong Street, Quarry Bay, Hong Kong			No commercial value
78. Pan Hoi Street, Quarry Bay, Hong Kong			No commercial value
79. Westlands Road and Taikoo Shing Road (western part), Taikoo Shing, Quarry Bay, Hong Kong			No commercial value

APPENDIX IV
PROPERTY VALUATION

Property interest	Capital value in existing state as at 31 March 2010	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 31 March 2010
	(HK\$)	(%)	(HK\$)
80. Petrol Filling Station, 979 King's Road, Quarry Bay, Hong Kong			No commercial value
			—————
	Total of Group V:		No commercial value
Property interest	Capital value in existing state as at 31 March 2010	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 31 March 2010
	(RMB)	(%)	(RMB)
Group VI — Property interests held by the Group for investment in the PRC			
81. Village South, Sanlitun Village, Sanlitun, Chaoyang District, Beijing, the PRC	4,040,000,000	80	3,232,000,000
82. Village North, Sanlitun Village, Sanlitun, Chaoyang District, Beijing, the PRC	2,385,000,000	80	1,908,000,000
83. Part of Basement, the whole of Levels 1 to 3 and 100 car parking spaces, Beaumonde Retail Podium, 75 Tianhe East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	380,000,000	100	380,000,000

APPENDIX IV**PROPERTY VALUATION**

Property interest	Capital value in existing state as at 31 March 2010	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 31 March 2010
	(RMB)	(%)	(RMB)
84. 5th Floor, Longde Building, 377 Tianhe Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	40,000,000	100	40,000,000
85. Units A1-2503, A1-2602, A1-2802 and A1-3102, Beaumonde, 83 Tianhe East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	14,600,000	100	14,600,000
86. The Opposite House, 11 Sanlitun North Road, Chaoyang District, Beijing, the PRC	580,000,000	100	580,000,000
			<hr/>
	Total of Group VI:		6,154,600,000
Group VII — Property interests held by the Group under development in the PRC			
87. TaiKoo Hui, Tianhe East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	6,795,000,000	97	6,591,150,000
88. A site at Tuo Fang Ying Cun to be developed as INDIGO, Chaoyang District, Beijing, the PRC	2,015,000,000	50	1,007,500,000
			<hr/>
	Total of Group VII:		7,598,650,000

APPENDIX IV
PROPERTY VALUATION

<u>Property interest</u>	<u>Capital value in existing state as at 31 March 2010</u>	<u>Interest attributable to the Group</u>	<u>Capital value in existing state attributable to the Group as at 31 March 2010</u>
	(RMB)	(%)	(RMB)
Group VIII — Property interest contracted to be acquired by the Group in the PRC			
89. A site at Dazhongli, Nanjing Road West, Jingan District, Shanghai, the PRC	No commercial value	50	No commercial value
Total of Group VIII:			No commercial value

Group IX — Property interest held by the Group for resettlement purpose in the PRC

90. 115 residential units and 1 commercial unit in Shanghai, the PRC	67,970,000*	50	33,985,000*
Total of Group IX:			33,985,000

* Representing value for those units with title certificates. In the course of our valuation, we have ascribed no commercial value to those units without title certificates.

<u>Property interest</u>	<u>Capital value in existing state as at 31 March 2010</u>	<u>Interest attributable to the Group</u>	<u>Capital value in existing state attributable to the Group as at 31 March 2010</u>
	(US\$)	(%)	(US\$)
Group X — Property interest held by the Group for investment in the United States			
91. Mandarin Oriental Hotel, Miami, 500 Brickell Key Drive, Miami, Florida 33131, the United States	103,500,000	75	77,625,000
Total of Group X:			77,625,000

Group XI — Property interests held by the Group for sale in the United States

92. The unsold stock of Asia, 900 Brickell Key Drive, Miami, Florida 33131, the United States	49,600,000	100	49,600,000
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APPENDIX IV**PROPERTY VALUATION**

Property interest	Capital value in existing state as at 31 March 2010	Interest attributable to the Group	Capital value in existing state attributable to the Group as at 31 March 2010
	(US\$)	(%)	(US\$)
93. River Court, 300 SW 2nd Street, Fort Lauderdale, Broward County, Florida 33312, the United States	2,300,000	100	2,300,000
			<hr/>
	Total of Group XI:		51,900,000
Group XII — Property interests held by the Group for future development in the United States			
94. Fort Lauderdale Site, 200-300-500 W Broward Blvd, Fort Lauderdale, Broward County, Florida 33301 and 33312, the United States	9,290,000	100	9,290,000
95. Mandarin Residences Site, Southern Point of Brickell Key, Miami, Florida 33131, the United States	22,100,000	100	22,100,000
96. Brickell Citicentre Site, 700 and 701 South Miami Avenue, Miami, Florida 33130, the United States	41,900,000	100	41,900,000
			<hr/>
	Total of Group XII:		73,290,000

APPENDIX IV

PROPERTY VALUATION

<u>Property interest</u>	<u>Capital value in existing state as at 31 March 2010</u>	<u>Interest attributable to the Group</u>	<u>Capital value in existing state attributable to the Group as at 31 March 2010</u>
	(HK\$)	(%)	(HK\$)

Group XIII — Property interests leased to the Group in Hong Kong

97. 16 leased/licensed properties in Hong Kong No commercial value

<u>Property interest</u>	<u>Capital value in existing state as at 31 March 2010</u>	<u>Interest attributable to the Group</u>	<u>Capital value in existing state attributable to the Group as at 31 March 2010</u>
	(RMB)	(%)	(RMB)

Group XIV — Property interests leased to the Group in the PRC

98. 30 leased properties in Beijing No commercial value

99. 3 leased properties in Chengdu No commercial value

100. 17 leased properties in Guangzhou No commercial value

101. 18 leased properties in Shanghai No commercial value

<u>Property interest</u>	<u>Capital value in existing state as at 31 March 2010</u>	<u>Interest attributable to the Group</u>	<u>Capital value in existing state attributable to the Group as at 31 March 2010</u>
	(US\$)	(%)	(US\$)

Group XV — Property interests leased to the Group in the United States

102. 2 leased properties in the United States No commercial value

Group XVI — Property interests leased to the Group in Vietnam

103. 3 leased properties in Vietnam No commercial value

<u>Property interest</u>	<u>Capital value in existing state as at 31 March 2010</u>	<u>Interest attributable to the Group</u>	<u>Capital value in existing state attributable to the Group as at 31 March 2010</u>
	(£)	(%)	(£)

Group XVII — Property interests leased to the Group in the United Kingdom

104. 2 leased/licenced properties in the United Kingdom No commercial value

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
1. Pacific Place Apartments, Pacific Place, 88 Queensway, Hong Kong Part of Inland Lot No. 8582 and the Extension thereto	<p>Pacific Place is a comprehensive office, hotel/serviced apartment and commercial complex completed in phases. It comprises four towers for office, hotel and serviced apartment uses erected upon a common retail/car parking podium completed from 1988 to 1991.</p> <p>Pacific Place Apartments comprises the 11th to 37th floor of a 56-storey block within Phase II of the Pacific Place development with the Conrad Hotel occupying the remaining floors. It was completed in 1990.</p> <p>The property provides 270 fully furnished apartments.</p> <p>The total gross floor area of the property is approximately 443,075 sq.ft. (41,162.67 sq.m.).</p> <p>The property is held from the Government for a term from 27 May 1986 to 30 June 2047. The current Government rent payable for Inland Lot No. 8582 and the Extension thereto is an amount equal to 3% of the rateable value for the time being of the lot per annum.</p>	<p>Except a portion of 57,790 sq.ft. (5,368.82 sq.m.) that is vacant, the property is subject to various tenancies with terms of half year to 2 years with the latest tenancy due to expire on 30 April 2012. The rents are exclusive of rates, management fees and other outgoings.</p> <p>The total monthly rent is approximately HK\$12,373,000</p>	HK\$6,360,000,000

Note: The registered owner of the property is Pacific Place Holdings Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
2. Apartments 1B, 2C, 3A, 4A, 5B and 7B, Eredine, 38 Mount Kellett Road, The Peak, Hong Kong Part of Rural Building Lot No. 587 and Extension thereto	The property comprises 6 apartments in an apartment building which comprises 7 residential storeys over 1 storey of caretakers' room/meter room/storeroom and 1 storey of carport, provided with a communal swimming pool and was completed in 1965. The total gross floor area of the property is approximately 19,906 sq.ft. (1,849.31 sq.m.). The property is held from the Government for a term of 150 years from 8 February 1888. The current Government rent for the whole lot is HK\$624 per annum.	The property is fully let and subject to various tenancies mostly on terms of 2 years with the latest tenancy due to expire on 30 September 2011. The rents are exclusive of rates, management fees and other outgoings. The total monthly rent is approximately HK\$765,000.	HK\$339,000,000

Note: The registered owner of the property is Redhill Properties Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
3. House B, 36 Island Road, Deep Water Bay, Hong Kong	The property is a 3-storey detached house completed in 1980 with an individual swimming pool plus covered carports.	The property is subject to a tenancy for a term of 2 years from 1 December 2009 to 30 November 2011. The rent is exclusive of rates, management fees and other outgoings.	HK\$126,000,000
Rural Building Lot No. 507 and Extensions thereto	The gross floor area of the property is approximately 2,644 sq.ft. (245.63 sq.m.). The property is held from the Government for a term of 75 years from 7 July 1947, renewable for a further term of 75 years. The current Government rent for the whole lot including the extension is HK\$2,000 per annum.	The total monthly rent is approximately HK\$230,000.	

Note: The registered owner of the property is Redhill Properties Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
4.	Rocky Bank, 6 Deep Water Bay Road, Hong Kong	The property comprises six 3-storey semi-detached houses completed in 1981 with a communal garden and swimming pool, plus covered carports.	Except for one semi-detached house which is vacant, the property is fully let and subject to	HK\$476,000,000
	The Remaining Portion of Rural Building Lot No. 613	The total gross floor area of the property is approximately 14,768 sq.ft. (1,371.98 sq.m.). The property is held from the Government for a term of 75 years from 12 December 1949, renewable for a further term of 75 years. The current Government rent for the whole lot is HK\$688 per annum.	various tenancies mostly on terms of 2 years with the latest tenancy due to expire on 14 June 2011. The rents are exclusive of rates, management fees and other outgoings.	
			The total monthly rent is approximately HK\$780,000.	

Note: The registered owner of the property is Redhill Properties Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
5. 6, 8, 10, 12, 14 and 16 Peel Rise, The Peak, Hong Kong Rural Building Lot No. 730.	The property comprises six 3-storey houses within a residential development completed in 1988. A communal swimming pool is provided within the development and each house is provided with exclusive parking facilities. The total gross floor area of the property is approximately 17,783 sq.ft. (1,652.08 sq.m.). The property is held from the Government for a term of 150 years from 1 August 1882. The current Government rent payable for the lot is HK\$816 per annum.	The property is fully let and subject to various tenancies mostly on terms of 2 years with the latest tenancy due to expire on 14 August 2011. The rents are exclusive of rates, management fees and other outgoings. The total monthly rent is approximately HK\$1,032,000.	HK\$634,000,000

Note: The registered owner of the property is Deep Jungle Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
6. White Jade, Cheung Sha, Lantau Island, New Territories	The property comprises a 2-storey detached house completed in 1975 with garden and swimming pool.	The property is subject to a tenancy for a term from 25 July 2009 to 24 July 2011 at a monthly rent of HK\$66,000 inclusive of rates, management fees and other outgoings.	HK\$17,700,000
The Remaining Portion of Lot No. 666 in Demarcation District No. 332 and Extension thereto	The total gross floor area of the property is approximately 2,078 sq.ft. (193.05 sq.m.). The site area of the property is approximately 11,465 sq.ft. (1,065.12 sq.m.). The property is held from the Government for a term of 99 years less the last three days from 1 July 1898 which has been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.		

Note: The registered owner of the property is Swire Properties Investments Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
7. Green Jade, Cheung Sha, Lantau Island, New Territories	The property comprises a 2-storey detached house completed in 1975 with garden and swimming pool.	The property is subject to a tenancy for a term from 6 April 2009 to 5 April 2011 at a monthly rent of HK\$67,000 inclusive of rates, management fees and other outgoings.	HK\$17,700,000
Section A of Lot No. 666 in Demarcation District No. 332 and Extension thereto	The total gross floor area of the property is approximately 2,078 sq.ft. (193.05 sq.m.). The site area of the property is approximately 15,448 sq.ft. (1,435.15 sq.m.). The property is held from the Government for a term of 99 years less the last three days from 1 July 1898 which has been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.		

Note: The registered owner of the property is Swire Properties Investments Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
8. The Mall and 470 car parking spaces, Pacific Place, 88 Queensway, Hong Kong	Pacific Place is a comprehensive office, hotel/serviced apartment and commercial complex completed in phases. It comprises four towers for office, hotel and serviced apartment uses erected upon a common retail/car parking podium completed from 1988 to 1991.	The property is fully let and subject to various tenancies with terms of 1 year to 7 years with the latest tenancy due to expire in July 2016. The rents are exclusive of rates, management fees, air-conditioning charges and other outgoings. The car parking spaces are licensed on monthly and hourly bases.	HK\$20,685,000,000
Part of Inland Lot No. 8571 and Inland Lot No. 8582 and Extension thereto	<p>The Mall comprises 6 levels of integrated shopping centre with car parking spaces forming part of the Pacific Place development and was completed in two phases between 1988 and 1990.</p> <p>The two basement floors provide 470 car parking spaces whilst a portion of basement 1 and levels 1-4 provide retail space, restaurant accommodation and the cinema complex.</p> <p>The total gross floor area of the property, including the cinema, is approximately 711,182 sq.ft. (66,070.42 sq.m.).</p> <p>Inland Lot No. 8571 is held from the Government for a term of 75 years from 18 April 1985 renewable for a further term of 75 years. The current Government rent for Inland Lot No. 8571 is HK\$1,000 per annum.</p> <p>Inland Lot No. 8582 and the Extension thereto is held from the Government for a term from 27 May 1986 to 30 June 2047. The current Government rent for Inland Lot No. 8582 and the Extension thereto is an amount equal to 3% of the rateable value for the time being of the lot per annum.</p>	<p>The total monthly rent and licence income is approximately HK\$70,600,000.</p>	

Note: The registered owner of the property is Pacific Place Holdings Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
9. One Pacific Place, 88 Queensway, Hong Kong Part of Inland Lot No. 8571	Pacific Place is a comprehensive office, hotel/serviced apartment and commercial complex completed in phases. It comprises four towers for office, hotel and serviced apartment uses erected upon a common retail/car parking podium completed from 1988 to 1991. One Pacific Place comprises a 36-storey office building within Phase I of the Pacific Place development. It was completed in 1988. The total gross floor area of the property is approximately 863,266 sq.ft. (80,199.37 sq.m.). The property is held from the Government for a term of 75 years from 18 April 1985, renewable for a further term of 75 years. The current Government rent for Inland Lot No. 8571 is HK\$1,000 per annum.	Except a portion of about 26,252 sq.ft. (2,438.87 sq.m.) that is vacant, the property is subject to various tenancies with terms of 1 year to 4 years with the latest tenancy due to expire in February 2014. The rents are exclusive of rates, management fees and other outgoings. The total monthly rent is approximately HK\$50,037,000.	HK\$16,248,000,000

Note: The registered owner of the property is Pacific Place Holdings Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
10. Two Pacific Place, 88 Queensway, Hong Kong Part of Inland Lot No. 8582 and the Extension thereto	<p>Pacific Place is a comprehensive office, hotel/serviced apartment and commercial complex completed in phases. It comprises four towers for office, hotel and serviced apartment uses erected upon a common retail/car parking podium completed from 1988 to 1991.</p> <p>Two Pacific Place comprises the office floors on the 10th to 36th floors of a 52-storey block within Phase II of the Pacific Place development with the Island Shangri-La Hong Kong occupying the remaining floors. It was completed in 1990.</p> <p>The total gross floor area of the property is approximately 695,510 sq.ft. (64,614.46 sq.m.).</p> <p>The property is held from the Government for a term from 27 May 1986 and to 30 June 2047. The current Government rent for Inland Lot No. 8582 and the Extension is an amount equal to 3% of the rateable value for the time being of the lot per annum.</p>	<p>Except a portion of 19,146 sq.ft. (1,778.71 sq.m.) that is vacant, the property is subject to various tenancies with terms of 1 year to 4 years with the latest tenancy due to expire in December 2013. The rent are exclusive of rates, management fees and other outgoings.</p> <p>The total monthly rent is approximately HK\$42,260,000.</p>	HK\$11,995,000,000

Note: The registered owner of the property is Pacific Place Holdings Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2010
11. Three Pacific Place, One Queen's Road East, Hong Kong The Remaining Portion of Section A of Inland Lot No. 47A, the Remaining Portion of Section B of Inland Lot No. 47A, the Remaining Portion of Section C of Inland Lot No. 47A, the Remaining Portion of Inland Lot No. 47A, the Remaining Portion of Section C of Inland Lot No. 47B, the Remaining Portion of Inland Lot No. 47B, Sub-section 2 of Section B of Inland Lot No. 47A, Section D of Inland Lot No. 47A, Section D of Inland Lot No. 47B, the Remaining Portion of Section B of Inland Lot No. 47B, the Remaining Portion of Section A of Inland Lot No. 47B, the Remaining Portion of Section A of Inland Lot No. 47C, the Remaining Portion of Sub-section 1 of Section A of Inland Lot No. 47C, the Remaining Portion of Inland Lot No. 47C, the Remaining Portion of Inland Lot No. 47D, the Remaining Portion of Section A of Inland Lot No. 47D, the Remaining Portion of Section B of Inland Lot No. 47, Sub-section 1 of Section A of Inland	Three Pacific Place is a commercial development completed in two phases. Phase 1 of Three Pacific Place comprises a 40-storey Grade A commercial building plus a 3-level car parking basement completed in 2004. Phase 2 of the development was completed in 2007 and comprises a retail floor and a subway connection at B3 level. The total gross floor area of the whole development (both Phase 1 and Phase 2) is approximately 627,657 sq.ft. (58,310.26 sq.m.) excluding the floor area of the car parking spaces. 111 private car parking spaces are provided at Basements 1 to 3. The property (except Extension to Sub-section 5 of Section C of Inland Lot No. 47, the lease term of which is 50 years from 9 May 2000 and Extension to Sub-section 1 of Section C of Inland Lot No. 47, the lease term of which is 50 years from 18 June 2002) is held from the Government for respective terms of 999 years from 17 May 1850 (re: Inland Lot No. 47A) and 24 June 1853 (re: Inland Lot Nos. 47, 47B, 47C and 47D). The current total Government rent for the subject lot sections of Inland Lot No. 47 (except Extension to Sub-section 5 of Section C of Inland Lot No. 47 and Extension to Sub-section 1 of Section C of Inland Lot No. 47, which the government rent is an amount equal to 3% of the rateable value for the time being of the respective lot section extension per annum) is HK\$144 per annum. The current total Government rent for Inland Lot Nos. 47A, 47B, 47C and 47D is 51 pounds 17 shillings and 30 pence per annum.	Except a portion of 6,375 sq.ft. (592.25 sq.m.) that is vacant. The property is subject to various tenancies with terms of 1 years to 4 years with the latest tenancy due to expire in July 2014. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis. The total monthly rent and licence income is approximately HK\$34,522,000.	HK\$10,073,000,000

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2010
	<p>Lot No. 47, Sub-section 1 of Section C of Inland Lot No. 47 and the Extension thereto, Section A of Sub-section 2 of Section C of Inland Lot No. 47, the Remaining Portion of Sub-section 2 of Section C of Inland Lot No. 47, Section A of Sub-section 3 of Section C of Inland Lot No. 47, the Remaining Portion of Sub-section 3 of Section C of Inland Lot No. 47, Sub-section 4 of Section C of Inland Lot No. 47, Sub-section 5 of Section C of Inland Lot No. 47 and the Extension thereto, the Remaining Portion of Sub-section 6 of Section C of Inland Lot No. 47, Section A of Sub-section 6 of Section C of Inland Lot No. 47, the Remaining Portion of Sub-section 7 of Section C of Inland Lot No. 47, the Remaining Portion of Section C of Inland Lot No. 47, Sub-section 1 of Section B of Inland Lot No. 47, the Remaining Portion of Section A of Inland Lot No. 47, Section P of Inland Lot No. 47 and the Remaining Portion of Inland Lot No. 47</p>		

Note: The registered owner of the property is One Queen's Road East Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
12. Festival Walk, 80 Tat Chee Avenue, Yau Yat Tsuen, Kowloon	Festival Walk comprises 7 levels of retail space including a cinema and an ice-skating rink, 4 office levels and 3 basement parking levels. The development is linked to the Kowloon Tong MTR station and was completed in 1998.	The property is fully let and subject to various tenancies with terms of 1 year to 5 years with the latest tenancy due to expire in December 2015. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis.	HK\$15,908,000,000
New Kowloon Inland Lot No. 6181	The 1st to 3rd basements provide a total of 830 car parking spaces. The upper 7 levels including MTR level, levels LG1, LG2, G, UG, 1 and 2 accommodate a shopping centre, including a cinema and an ice-skating rink whilst levels 3 to 6 provide office accommodation. The total gross floor area of the property is approximately 1,208,754 sq.ft. (112,295.99 sq.m.), including a gross floor area of approximately 980,089 sq.ft. (91,052.99 sq.m.) for retail uses and a gross floor area of approximately 228,665 sq.ft. (21,243.50 sq.m.) for office uses excluding the floor area of the car parking spaces. The property is held from the Government for a term from 30 March 1993 to 30 June 2047. The current Government rent for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The total monthly rent and licence income is approximately HK\$63,700,000.	

Notes:

- (1) The registered owner of the property is Festival Walk Holdings Limited.
- (2) Of the total 830 car parking spaces, 400 car parking spaces form the Multi-storey Car Park and the remaining 430 form the Ancillary Car Park of the development.
- (3) Festival Walk Holdings Limited only owns 200471/206125th equal undivided shares of Festival Walk together with the right of exclusive use of the Commercial Accommodation, Office Accommodation, Multi-storey Car Park, Ancillary Car Park and Common Areas and Facilities of Festival Walk. 5654/206125th equal undivided shares together with the exclusive right to use the Public Transport Terminus of Festival Walk are owned by The Financial Secretary Incorporated.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2010
13. Cityplaza, Taikoo Shing, Quarry Bay, Hong Kong	Cityplaza is a regional shopping centre comprising Cityplaza South (6-storey) and Cityplaza North (4-storey) which are linked with 3-footbridges.	The property is fully let and subject to various tenancies with terms of 1 year to 9 years with the latest tenancy due to expire in May 2018. The rents are exclusive of rates, management fees and other outgoings and car parking spaces are licensed on a monthly and hourly basis.	HK\$8,005,000,000
Part of Sub-section 5 of Section K, the Remaining Portion of Section R, Section A of Sub-section 1 of Section R, the Remaining Portion of Section Q, Section A and the Remaining Portion of Sub-section 7 of Section Q, Sub-section 1 and the Remaining Portion of Section A and Section B of Sub-section 2 of Section Q, the Remaining Portion of Section J of Quarry Bay Marine Lot No. 2 and the Extension thereto	<p>General retail space, an ice-skating rink, a cinema (known as Cineplex) and restaurant accommodation are provided within Cityplaza.</p> <p>A total of 834 car parking spaces are provided at 3 basement floors.</p> <p>Cityplaza South and Cityplaza North were completed from 1983 to 2000.</p> <p>The total gross floor area of Cityplaza South and Cityplaza North is approximately 1,105,227 sq.ft. (102,678.09 sq.m.).</p> <p>The property is held from the Government for a term of 999 years from 18 April 1900. The total current Government rent for the whole of Quarry Bay Marine Lot No. 2 and the Extension thereto is HK\$16,206 per annum.</p>	<p>The rents are exclusive of rates, management fees and other outgoings and car parking spaces are licensed on a monthly and hourly basis.</p> <p>The total monthly rent and license income is approximately HK\$36,220,000.</p>	

Notes:

- (1) The registered owners of the property are Swire Pacific Limited (Re: QBML 2 & Ext. s.K ss.5), Swire Properties Limited (Re: QBML 2 & Ext. s.R R.P., s.R ss.1 s.A, s.Q R.P., s.Q ss.7 s.A, s.Q ss.7 R.P., s.Q ss.2 s.B, s.Q ss.2 s.A ss.1 and s.Q ss.2 s.A R.P.) and Quarry Bay Developments Limited (Re: QBML 2 & Ext. s.J R.P.). The ultimate beneficial owner is Cityplaza Holdings Limited
- (2) Quarry Bay Marine Lot No. 2 has been partitioned into various sections and sub-sections. The subject property interest is liable only for part of the current Government rent.
- (3) The property is subject to an Agreement for Sale and Purchase dated 19 May 1977 and registered vide Memorial No. UB1393268 by Swire Pacific Limited in favour of Swire Properties Limited for a consideration of HK\$341,000,000 (Re: QBML 2 & Ext. s.K).
- (4) The property is subject to an Agreement for Sale and Purchase dated 8 September 1984 and registered vide Memorial No. UB2641127 by Swire Properties Limited in favour of Taikoo Shing Developments Limited (now known as Cityplaza Holdings Limited) for a consideration of HK\$490,000,000 (Re: QBML 2 & Ext. s.K ss.5).

- (5) The property is subject to an Agreement for Sale and Purchase dated 31 January 1991 and registered vide Memorial No. UB4768243 by Quarry Bay Developments Limited in favour of Taikoo Shing Developments Limited (now known as Cityplaza Holdings Limited) for a consideration of HK\$1,717,000,000 (Re: QBML 2 & Ext. s.R R.P., s.R ss.1 s.A, s.Q R.P., s.Q ss.7 s.A, s.Q ss.7 R.P., s.Q ss.2 s.B, s.Q ss.2 s.A ss.1, S.Q ss.2 s.A R.P., and s.J R.P.).
- (6) The property is subject to a Letter relating to new revised limit for gross floor area dated 30 December 2005 and registered vide Memorial No. 06021002030019 (Re: QBML 2 & Ext. s.K ss.5 and QBML 2 & Ext. s.J R.P.).
- (7) The property is subject to a Letter relating to approval of amend Master Development Plan dated 30 December 2005 and registered vide Memorial No. 06021002030024 (Re: QBML 2 & Ext. s.K ss.5 and QBML 2 Ext. s.J R.P.).

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
14.	Cityplaza One, Taikoo Shing, Quarry Bay, Hong Kong	The property interest comprises the offices on 7th to 27th floors of a 21-storey office building erected over a 6-storey commercial podium with a basement floor completed in 1997.	Except a portion of 11,886 sq.ft. (1,104.24 sq.m.) that is vacant, the property is subject to various tenancies with terms of 3 years to 12 years with the latest tenancy due to expire on 10 September 2013 at a monthly rent of approximately HK\$14,787,000 exclusive of rates, management fees and other outgoings.	HK\$3,986,000,000
	Part of the Remaining Portion of Section R, Section A of Sub-section 1 of Section R, the Remaining Portion of Section Q, Section A and the Remaining Portion of Sub-section 7 of Section Q, Sub-section 1 and the Remaining Portion of Section A and Section B of Sub-section 2 of Section Q, the Remaining Portion of Section J of Quarry Bay Marine Lot No. 2 and the Extension thereto	The total gross floor area of the property is approximately 628,785 sq.ft. (58,415.55 sq.m.). The property is held from the Government for a term of 999 years from 18 April 1900. The current Government rent for the whole of QBML No. 2 and Extension thereto is HK\$16,206 per annum.		

Notes:

- (1) The registered owners of the property are Swire Properties Limited (Re: QBML 2 & Ext. s.R R.P., s.R ss.1 s.A, s.Q R.P., s.Q ss.7 s.A, s.Q ss.7 R.P., s.Q ss.2 s.B, s.Q ss.2 s.A ss.1 and s.Q ss.2 s.A R.P.) and Quarry Bay Developments Limited (Re: QBML 2 & Ext. s.J R.P.). The ultimate beneficial owner is Cityplaza Holdings Limited.
- (2) Quarry Bay Marine Lot No. 2 has been partitioned into various sections and sub-sections. The subject property is liable only for part of the current Government rent.
- (3) The property is subject to an Agreement for Sale and Purchase dated 31 January 1991 registered vide Memorial No. UB4768243 in favour of Taikoo Shing Developments Limited (now known as Cityplaza Holdings Limited) (Re: QBML 2 & Ext. s.R R.P., s.R ss.1 s.A, s.Q R.P., s.Q ss.7 s.A, s.Q ss.7 R.P., s.Q ss.2 s.B, s.Q ss.2 s.A ss.1, s.Q ss.2 s.A R.P. and s.J R.P.).

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
15. Cityplaza Three, 14 Taikoo Wan Road, Taikoo Shing, Quarry Bay, Hong Kong	The property comprises a 24-storey commercial building including a basement and 10 car parking spaces completed in 1992.	The property is fully let and is subject to various tenancies with terms of 2 years to 9 years with the latest tenancy due to expire on 28 February 2015. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly basis.	HK\$2,831,000,000
Part of the Remaining Portion of Section K of Quarry Bay Marine Lot No. 2 and the Extension thereto	The 1st floor provides retail space, 2nd floor is for showroom and ancillary accommodation whilst upper levels from 3rd to 22nd floors provide office accommodation. The total gross floor area of the property is approximately 447,714 sq.ft. (41,593.65 sq.m.) excluding the floor area of the car parking spaces. The property is held from the Government for a term of 999 years from 18 April 1900. The current Government rent for the whole of QBML No. 2 and Extension is HK\$16,206 per annum.	The total monthly rent and licence income is approximately HK\$10,342,000.	

Notes:

- (1) The registered owner of the property is Swire Pacific Limited. The ultimate beneficial owner is Cityplaza Holdings Limited.
- (2) Quarry Bay Marine Lot No. 2 has been partitioned into various sections and sub-sections. The subject property is liable only for part of the current Government rent.
- (3) The property is subject to an Agreement for Sale and Purchase dated 19 May 1977 and registered vide Memorial No. UB1393268 by Swire Pacific Limited in favour of Swire Properties Limited for a consideration of HK\$341,000,000 (Re: QBML 2 s.K & Ext.).
- (4) The property is subject to an Agreement for Sale and Purchase dated 26 September 1980 and registered vide Memorial No. UB1944931 by Swire Properties Limited in favour of Taikoo Shing Developments Limited (now known as Cityplaza Holdings Limited) for a consideration of HK\$287,903,362.85 (Re: ss.1-2, s.A & R.P. of ss.4, ss.6-14 & R.P. of s.K of QBML 2 & Ext.).
- (5) The property is subject to a Letter relating to new revised limit for gross floor area dated 30 December 2005 and registered vide Memorial No. 06021002030019 (Re: QBML 2 & Ext. s.K ss.5 and QBML 2 & Ext. s.J R.P.).
- (6) The property is subject to a Letter relating to approval of amend Master Development Plan dated 30 December 2005 and registered vide Memorial No. 06021002030024 (Re: QBML 2 & Ext. s.K ss.5 and QBML 2 Ext. s.J R.P.).

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
16. Cityplaza Four, 12 Taikoo Wan Road, Taikoo Shing, Quarry Bay, Hong Kong	The property comprises a 24-storey commercial building including a basement completed in 1991.	Except a portion of 32,543 sq.ft. (3,023.32 sq.m.) that is vacant, the property is subject to various tenancies with terms of 2 years to 10 years with the latest tenancy due to expire on 28 February 2015 at a monthly rent of approximately HK\$11,678,000 exclusive of rates, management fees and other outgoings.	HK\$3,432,000,000
Part of the Remaining Portion of Section K of Quarry Bay Marine Lot No. 2 and the Extension thereto	The 1st floor provides retail space whilst 2nd floor for showroom and ancillary accommodation, upper levels from 3rd to 22nd floors provide office accommodation. The total gross floor area of the property is approximately 556,431 sq.ft. (51,693.70 sq.m.). The property is held from the Government for a term of 999 years from 18 April 1900. The current Government rent for the whole of QBML No. 2 and Extension is HK\$16,206 per annum.		

Notes:

- (1) The registered owner of the property is Swire Pacific Limited. The ultimate beneficial owner is Cityplaza Holdings Limited.
- (2) Quarry Bay Marine Lot No. 2 has been partitioned into various sections and sub-sections. The subject property is liable only for part of the current Government rent.
- (3) The property is subject to an Agreement for Sale and Purchase dated 19 May 1977 and registered vide Memorial No. UB1393268 by Swire Pacific Limited in favour of Swire Properties Limited for a consideration of HK\$341,000,000 (Re: QBML 2 s.K & Ext.).
- (4) The property is subject to an Agreement for Sale and Purchase dated 26 September 1980 and registered vide Memorial No. UB1944931 by Swire Properties Limited in favour of Taikoo Shing Developments Limited (now known as Cityplaza Holdings Limited) for a consideration of HK\$287,903,362.85 (Re: ss.1-2, s.A & R.P. of ss.4, ss.6-14 & R.P. of s.K of QBML 2 & Ext.).
- (5) The property is subject to a Letter relating to new revised limit for gross floor area dated 30 December 2005 and registered vide Memorial No. 06021002030019 (Re: QBML 2 & Ext. s.K ss.5 and QBML 2 & Ext. s.J R.P.).
- (6) The property is subject to a Letter relating to approval of amend Master Development Plan dated 30 December 2005 and registered vide Memorial No. 06021002030024 (Re: QBML 2 & Ext. s.K ss.5 and QBML 2 Ext. s.J R.P.).

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>										
17. Cambridge House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	The property comprises a 37-storey office building completed in 2003 and is linked to Devon House at first floor level.	Except a portion of 7,074 sq.ft. (657.19 sq.m.) that is vacant, the property is	HK\$1,758,000,000										
Which together with Devon House and the Shell Station are erected on Sub-section 2 of Section E of Quarry Bay Marine Lot No. 1, Sub-section 1 of Section F of Quarry Bay Marine Lot No. 1 and the Remaining Portion of Section F of Quarry Bay Marine Lot No. 1 and Section N of Marine Lot No. 703	Some retail accommodation is provided on the ground floor whilst the 1st floor is reserved to be operated as a restaurant. The total gross floor area of the property is approximately 268,795 sq.ft. (24,971.66 sq.m.). The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rents payable for the respective lots are as follows:	subject to various tenancies with terms of 3 years to 6 years with the latest tenancy due to expire on 2 May 2014 at a monthly rent of approximately HK\$7,116,000 exclusive of rates, management fees and other outgoings.											
	<table border="1"> <thead> <tr> <th><u>Lot</u></th> <th><u>Government rent per annum</u></th> </tr> </thead> <tbody> <tr> <td>QBML No.1 s.E ss.2</td> <td>HK\$40</td> </tr> <tr> <td>QBML No.1 s.F ss.1</td> <td>HK\$128 (QBML No.1 s.F)</td> </tr> <tr> <td>QBML No.1 s.F R.P.</td> <td>HK\$128 (QBML No.1 s.F)</td> </tr> <tr> <td>ML No. 703 s.N</td> <td>HK\$164</td> </tr> </tbody> </table>	<u>Lot</u>	<u>Government rent per annum</u>	QBML No.1 s.E ss.2	HK\$40	QBML No.1 s.F ss.1	HK\$128 (QBML No.1 s.F)	QBML No.1 s.F R.P.	HK\$128 (QBML No.1 s.F)	ML No. 703 s.N	HK\$164		
<u>Lot</u>	<u>Government rent per annum</u>												
QBML No.1 s.E ss.2	HK\$40												
QBML No.1 s.F ss.1	HK\$128 (QBML No.1 s.F)												
QBML No.1 s.F R.P.	HK\$128 (QBML No.1 s.F)												
ML No. 703 s.N	HK\$164												

Note: The registered owner of the property is TaiKoo Place Holdings Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>										
18. Devon House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	The property comprises a 30-storey office building plus a 4-level basement providing 311 car parking spaces completed in 1993.	Except a portion of 21,274 sq.ft. (1,976.40 sq.m.) that is vacant, the property is subject to various tenancies with terms of 3 years with the latest tenancy due to expire on 30 April 2017. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis.	HK\$5,498,000,000										
Which together with Cambridge House and the Shall Station are erected on Sub-section 2 of Section E of Quarry Bay Marine Lot No. 1, Sub-section 1 and the Remaining Portion of Section F of Quarry Bay Marine Lot No. 1 and Section N of Marine Lot No. 703	Some retail accommodation is provided on the ground floor and the 1st floor. The 1st floor is linked to Dorset House and Cambridge House and the Quarry Bay MTR Station by footbridge. The 2nd floor is currently occupied by a restaurant. The total gross floor area of the property is approximately 803,452 sq.ft. (74,642.51 sq.m.) excluding the floor area of the car parking spaces. The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rents payable for the respective lots are as follows:	The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis. The total monthly rent and licence income is approximately HK\$19,605,000.											
	<table border="0"> <thead> <tr> <th style="text-align: left;">Lot</th> <th style="text-align: left;">Government rent per annum</th> </tr> </thead> <tbody> <tr> <td>QBML No.1 s.E ss.2</td> <td>HK\$40</td> </tr> <tr> <td>QBML No.1 s.F ss.1</td> <td>HK\$128 (QBML No.1 s.F)</td> </tr> <tr> <td>QBML No.1 s.F R.P.</td> <td>HK\$128 (QBML No.1 s.F)</td> </tr> <tr> <td>ML No. 703 s.N</td> <td>HK\$164</td> </tr> </tbody> </table>	Lot	Government rent per annum	QBML No.1 s.E ss.2	HK\$40	QBML No.1 s.F ss.1	HK\$128 (QBML No.1 s.F)	QBML No.1 s.F R.P.	HK\$128 (QBML No.1 s.F)	ML No. 703 s.N	HK\$164		
Lot	Government rent per annum												
QBML No.1 s.E ss.2	HK\$40												
QBML No.1 s.F ss.1	HK\$128 (QBML No.1 s.F)												
QBML No.1 s.F R.P.	HK\$128 (QBML No.1 s.F)												
ML No. 703 s.N	HK\$164												

Note: The registered owner of the property is TaiKoo Place Holdings Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
19. Dorset House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	The property comprises a 40-storey office building plus a 4-level basement providing 215 car parking spaces completed in 1994 and is linked to Devon House at first floor level.	Except a portion of 8,095 sq.ft. (752.04 sq.m.) that is vacant, the property is subject to various tenancies with terms of 3 years to 9 years with the latest tenancy due to expire on 16 May 2015. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis.	HK\$3,958,000,000
Which together with PCCW Tower and Lincoln House are erected on Section S and the Remaining Portion of Quarry Bay Marine Lot No. 1, Sub-section 1 and Sub-section 2 and the Remaining Portion of Section T of Quarry Bay Marine Lot No. 1 and Section U of Quarry Bay Marine Lot No. 1	Some retail accommodation is provided on the ground floor whilst the 2nd to 4th floor is operated as a Club with a fitness centre and restaurant facilities, operating under the name 'Butterfields'. The total gross floor area of the property is approximately 609,540 sq.ft. (56,627.65sq.m.) excluding the floor area of the car parking spaces. The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rents payable for the respective lots are as follows:	The total monthly rent and licence income is approximately HK\$13,195,000.	
	Lot	Government rent per annum	
	QBML No.1 s.S	HK\$34	
	QBML No.1 s.T ss.1	HK\$42	
	QBML No.1 s.T ss.2	HK\$2,186 (QBML No.1)	
	QBML No.1 s.T R.P.	HK\$2,186 (QBML No.1)	
	QBML No.1 s.U	HK\$10	
	QBML No.1 R.P.	HK\$1,190	

Note: The registered owner of the property is TaiKoo Place Holdings Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>														
20. Lincoln House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	The property comprises a 24-storey office building plus a 5-level basement providing 164 car parking spaces completed in 1998 and is linked to PCCW Tower at first floor level.	Except a portion of 6,083 sq.ft. (648.74 sq.m.) that is vacant, the property is subject to various tenancies with terms of 3 years to 6 years with the latest tenancy due to expire on 15 February 2015. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis.	HK\$2,205,000,000														
Which together with Dorset House and PCCW Tower are erected on Section S of Quarry Bay Marine Lot No. 1, Sub-sections 1 and 2 and the Remaining Portion of Section T, Section U and the Remaining Portion of Quarry Bay Marine Lot No. 1	Some of retail accommodation is provided on the ground floor. The total gross floor area of the property is approximately 333,353 sq.ft. (30,969.25 sq.m.) excluding the area of the car parking spaces. The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rents payable for the respective lots are as follows:																
	<table border="1"> <thead> <tr> <th style="text-align: left;">Lot</th> <th style="text-align: left;">Government rent per annum</th> </tr> </thead> <tbody> <tr> <td>QBML No.1 s.S</td> <td>HK\$34</td> </tr> <tr> <td>QBML No.1 s.T ss.1</td> <td>HK\$42</td> </tr> <tr> <td>QBML No.1 s.T ss.2</td> <td>HK\$2,186 (QBML No.1)</td> </tr> <tr> <td>QBML No.1 s.T R.P.</td> <td>HK\$2,186 (QBML No.1)</td> </tr> <tr> <td>QBML No.1 s.U</td> <td>HK\$10</td> </tr> <tr> <td>QBML No.1 R.P.</td> <td>HK\$1,190</td> </tr> </tbody> </table>	Lot	Government rent per annum	QBML No.1 s.S	HK\$34	QBML No.1 s.T ss.1	HK\$42	QBML No.1 s.T ss.2	HK\$2,186 (QBML No.1)	QBML No.1 s.T R.P.	HK\$2,186 (QBML No.1)	QBML No.1 s.U	HK\$10	QBML No.1 R.P.	HK\$1,190	The total monthly rent and licence income is approximately HK\$8,674,000.	
Lot	Government rent per annum																
QBML No.1 s.S	HK\$34																
QBML No.1 s.T ss.1	HK\$42																
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QBML No.1 s.U	HK\$10																
QBML No.1 R.P.	HK\$1,190																

Note: The registered owner of the property is TaiKoo Place Holdings Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>								
21. Oxford House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	The property comprises a 42-storey office building plus a 5-level basement providing 182 car parking spaces completed in 1999 and is linked to Somerset House at first floor level.	The property is fully let and is subject to various tenancies with terms of 3 years to 6 years with the latest tenancy due to expire on 15 December 2013. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis.	HK\$3,067,000,000								
Which together with a private road between Dai Chong Hong Commercial Centre and Oxford House are erected on Sub-sections 4 and 7 of Section C of Quarry Bay Marine Lot No. 1 and Section D of Quarry Bay Marine Lot No. 2 and the Extension thereto	Some retail accommodation is provided on the ground floor and 2nd floor. The total gross floor area of the property is approximately 501,253 sq.ft. (46,567.54 sq.m.) excluding the floor area of the car parking spaces. The property is held from the Government for the respective terms of 999 years from 2 February 1882 and 18 April 1900 respectively. The current Government rents payable for the respective lots are as follow:	The total monthly rent and licence income is approximately HK\$11,245,000.									
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 30%;">Lot</th> <th style="text-align: left;">Government rent per annum</th> </tr> </thead> <tbody> <tr> <td>QBML No.1 s.C ss.4</td> <td>HK\$56.5</td> </tr> <tr> <td>QBML No.1 s.C ss.7</td> <td>HK\$294 (QBML No.1 s.C)</td> </tr> <tr> <td>QBML No.2 s.D & Extension</td> <td>HK\$63.5</td> </tr> </tbody> </table>	Lot	Government rent per annum	QBML No.1 s.C ss.4	HK\$56.5	QBML No.1 s.C ss.7	HK\$294 (QBML No.1 s.C)	QBML No.2 s.D & Extension	HK\$63.5		
Lot	Government rent per annum										
QBML No.1 s.C ss.4	HK\$56.5										
QBML No.1 s.C ss.7	HK\$294 (QBML No.1 s.C)										
QBML No.2 s.D & Extension	HK\$63.5										

Note: The registered owner of the property is Cathay Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>														
22. PCCW Tower, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	The property comprises a 40-storey commercial building providing 217 car parking spaces completed in 1994 and is linked to Lincoln House and Devon House at first floor level.	Except a portion of 36,096 sq.ft. (3,353.40 sq.m.) that is vacant, the property is subject to various tenancies with terms of 3 years to 6 years with the latest tenancy due to expire on 31 December 2014. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis.	HK\$4,082,000,000 (20% interest attributable to the Group: HK\$816,400,000)														
Together with Dorset House and Lincoln House are erected on Section S of Quarry Bay Marine Lot No. 1, Sub-section 1 and Sub-section 2 and the Remaining Portion of Section T of Quarry Bay	The total gross floor area of the property is approximately 620,148 sq.ft. (57,613.15 sq.m.) excluding the floor area of the car parking spaces. The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rents payable for the respective lots are as follows:																
Marine Lot No. 1, Section U of Quarry Bay Marine Lot No. 1 and the Remaining Portion of Quarry Bay Marine Lot No. 1	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Lot</th> <th style="text-align: left;">Government rent per annum</th> </tr> </thead> <tbody> <tr> <td>QBML No.1 s.S</td> <td>HK\$34</td> </tr> <tr> <td>QBML No.1 s.T ss.1</td> <td>HK\$42</td> </tr> <tr> <td>QBML No.1 s.T ss.2</td> <td>HK\$2,186 (QBML No.1)</td> </tr> <tr> <td>QBML No.1 s.T R.P.</td> <td>HK\$2,186 (QBML No.1)</td> </tr> <tr> <td>QBML No.1 s.U</td> <td>HK\$10</td> </tr> <tr> <td>QBML No.1 R.P.</td> <td>HK\$1,190</td> </tr> </tbody> </table>	Lot	Government rent per annum	QBML No.1 s.S	HK\$34	QBML No.1 s.T ss.1	HK\$42	QBML No.1 s.T ss.2	HK\$2,186 (QBML No.1)	QBML No.1 s.T R.P.	HK\$2,186 (QBML No.1)	QBML No.1 s.U	HK\$10	QBML No.1 R.P.	HK\$1,190	The total monthly rent and licence income is approximately HK\$14,972,000.	
Lot	Government rent per annum																
QBML No.1 s.S	HK\$34																
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QBML No.1 R.P.	HK\$1,190																

Notes:

- (1) The registered owner of the property is Richly Leader Limited which is only entitled to the residue of the term under a sub-lease granted in favour of Monace Limited for 999 years from 2 February 1882 less the last 3 days.
- (2) The property is subject to a First Legal Mortgage dated 5 February 2010 vide Memorial No. 10030100910323 in favour of DBS Bank Ltd.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>															
23. One Island East, 18 Westlands Road, Quarry Bay, Hong Kong	The property comprises a 68-storey office building plus 2 levels of basement completed in March 2008. The first floor of the building is linked to Cornwall House by a footbridge.	Except a portion of 24,904 sq.ft. (2,313.64 sq.m.) that is vacant, the property is subject to various tenancies with terms of mostly 6 years with the latest tenancy due to expire on 31 July 2019 at a monthly rent of approximately HK\$38,602,000 exclusive of rates, management fees and other outgoings.	HK\$10,650,000,000															
The above building is developed on the following property (i) together with unbuilt lots described in (ii) and (iii) below	The total gross floor area of the property is approximately 1,537,011 sq.ft. (142,791.81 sq.m.). The property is held from the Government for terms of 999 years. The respective commencement date and Government rent for the lots are as follows:-																	
(i) Section D of Quarry Bay Inland Lot No. 15, Sub-sections 5 and 6 of Section C of Quarry Bay Marine Lot No. 1, Sections F and G of Quarry Bay Marine Lot No. 2 and the Extension thereto	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Lot</th> <th style="text-align: center;">Commencement Date</th> <th style="text-align: center;">Government Rent (per annum)</th> </tr> </thead> <tbody> <tr> <td>QBML 1 s.C ss.5</td> <td style="text-align: center;">2/2/1882</td> <td style="text-align: center;">HK\$42.5</td> </tr> <tr> <td>QBML 2 & Ext s.F</td> <td style="text-align: center;">18/4/1900</td> <td style="text-align: center;">HK\$48.5</td> </tr> <tr> <td>QBML 1 s.C ss.6</td> <td style="text-align: center;">2/2/1882</td> <td style="text-align: center;">HK\$7.5</td> </tr> <tr> <td>QBML 2 & Ext. s.G</td> <td style="text-align: center;">18/4/1900</td> <td style="text-align: center;">HK\$44.5</td> </tr> </tbody> </table>	Lot	Commencement Date	Government Rent (per annum)	QBML 1 s.C ss.5	2/2/1882	HK\$42.5	QBML 2 & Ext s.F	18/4/1900	HK\$48.5	QBML 1 s.C ss.6	2/2/1882	HK\$7.5	QBML 2 & Ext. s.G	18/4/1900	HK\$44.5		
Lot	Commencement Date	Government Rent (per annum)																
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QBML 2 & Ext. s.G	18/4/1900	HK\$44.5																
(ii) The Remaining Portion of Quarry Bay Marine Lot No. 2 and the Extension thereto	<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>QBIL 15 s.D</td> <td style="text-align: center;">2/2/1882</td> <td style="text-align: center;">HK\$50</td> </tr> <tr> <td>QBML 2 & Ext. R.P</td> <td style="text-align: center;">18/4/1900</td> <td style="text-align: center;">HK\$16,174 (QBML 2 & Ext.)</td> </tr> </tbody> </table>	QBIL 15 s.D	2/2/1882	HK\$50	QBML 2 & Ext. R.P	18/4/1900	HK\$16,174 (QBML 2 & Ext.)											
QBIL 15 s.D	2/2/1882	HK\$50																
QBML 2 & Ext. R.P	18/4/1900	HK\$16,174 (QBML 2 & Ext.)																
(iii) the Remaining Portion of Section B of Sub-section 6 and the Remaining Portion of Section H of Quarry Bay Marine Lot No. 2 and the Extension thereto	<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>QBML 2 s.H R.P. & Ext.</td> <td style="text-align: center;">18/4/1900</td> <td style="text-align: center;">HK\$16,174 (QBML 2 & Ext. s.H)</td> </tr> <tr> <td>QBML 2 & Ext. s.H ss.6 s.B R.P.</td> <td style="text-align: center;">18/4/1900</td> <td style="text-align: center;">HK\$16,174 (QBML 2 & Ext. s.H)</td> </tr> </tbody> </table>	QBML 2 s.H R.P. & Ext.	18/4/1900	HK\$16,174 (QBML 2 & Ext. s.H)	QBML 2 & Ext. s.H ss.6 s.B R.P.	18/4/1900	HK\$16,174 (QBML 2 & Ext. s.H)											
QBML 2 s.H R.P. & Ext.	18/4/1900	HK\$16,174 (QBML 2 & Ext. s.H)																
QBML 2 & Ext. s.H ss.6 s.B R.P.	18/4/1900	HK\$16,174 (QBML 2 & Ext. s.H)																

Note: The registered owners of the property are as follows:-

Lot No.	Registered Owner	Beneficial Owner
QBML 1 s.C ss.5	One Island East Limited	One Island East Limited
QBML 2 & Ext. s.F	One Island East Limited	One Island East Limited
QBML 1 s.C ss.6	One Island East Limited	One Island East Limited
QBML 2 & Ext. s.G	One Island East Limited	One Island East Limited
QBIL 15 s.D	One Island East Limited	One Island East Limited
QBML 2 & Ext. R.P.	Swire Properties Limited	Cityplaza Holdings Limited
QBML 2 & Ext. s.H R.P.	Quarry Bay Developments Limited	Cityplaza Holdings Limited
QBML 2 & Ext. s.H ss.6 s.B R.P.	Quarry Bay Developments Limited	Cathay Limited

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
24.	625 King's Road, North Point, Hong Kong	The property comprises a 26-storey commercial building plus a 2-level basement providing 84 car parking spaces completed in 1998.	Except a portion of 23,642 sq.ft. (2,196.39 sq.m.) that is vacant, the property is subject to various tenancies with terms of 3 years to 4 years with the latest tenancy due to expire on 18 March 2013. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly basis.	HK\$1,448,000,000 (50% interest attributable to the Group: HK\$724,000,000)
	Inland Lot No. 7550	The total gross floor area of the property is approximately 301,065 sq.ft. (27,969.62 sq.m.) excluding the floor area of the car parking spaces. The property is held from the Government for a term of 75 years from 14 July 1958 renewable for a further term of 75 years. The current Government rent for the lot is HK\$1,838 per annum.	The total monthly rent and licence income is approximately HK\$4,952,000.	

Note: The registered owner of the property is Island Land Development Limited, being a 50/50 joint venture between the Group and Communication Holdings Limited, a subsidiary of China Motor Bus Company, Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
25.	Commercial Accommodation of Island Place, 500 King's Road, and the Car Parking Areas of Island Place, Nos. 51/61 Tanner Road, North Point, Hong Kong	<p>The property comprises a 4-storey retail podium and 288 car parking spaces within a residential and office development completed in 1996.</p> <p>The basement, ground, first and second floors provide general retail space and restaurant accommodation.</p> <p>A themed food court area is located in the basement, with a total of 6 food kiosks.</p>	<p>The property is fully let and is subject to various tenancies with terms of 3 years to 6 years with the latest tenancy due to expire on 10 March 2014. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis.</p> <p>The total monthly rent and licence income is approximately HK\$2,922,000.</p>	<p>HK\$722,000,000</p> <p>(60% interest attributable to the Group: HK\$433,200,000)</p>
	Part of Inland Lot No. 8849	<p>A total of 288 car parking spaces are provided on the ground, 2nd, 3rd and 4th floors.</p> <p>The total gross floor area of the property is approximately 150,223 sq.ft. (13,956.06 sq.m.) excluding the floor area of the car parking spaces.</p> <p>The property is held from the Government under Conditions of Exchange No. UB12353 for a term from 22 June 1995 to 30 June 2047. The Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>		

Note: The registered owner of the property is Swire and Island Communication Developments Limited being a 60/40 joint venture between the Group and Island Communication Enterprises Limited, a subsidiary of China Motor Bus Company, Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2010
<p>26. Stages I (Tsui Woo Terrace), II (Kao Shan Terrace), III (Kao Shan Terrace), IV (Kam Din Terrace), V (On Shing Terrace), VI, VII, VIII, IXA (Harbour View Gardens), IXB (Kwun Hoi Terrace), X (Sing Fai Terrace) and XI (Horizon Garden), non-domestic units and car parking spaces, on Ground, 1st and 2nd Floors, Taikoo Shing, Quarry Bay, Hong Kong</p> <p>Part of Sub-section 1 and the Remaining Portion of Section A, Section B of Shaukiwan Marine Lot No. 1</p> <p>Part of the Remaining Portion of Section C, Section D and the Remaining Portion of Shaukiwan Marine Lot No. 2</p> <p>Part of Section A of Sub-section 3 of Section H, Sub-sections 1 and 3 of Section J, the Remaining Portion of Sub-section 3, Section A of Sub-section 4, and the Remaining Portion of Sub-section 4, Section A of Sub-section 3, Sub-sections 5, 9, 10, 11, 13 and 16 of Section K, Section L, Section N, Sub-sections 4 and 5 and Section C of Sub-section 2 of Section Q, Sub-section 1 of Section H and Sub-section 1 of Section S, Sub-section 1 and the Remaining Portion of Section T and the Remaining Portion and Sub-section 1 of Section U of Quarry Bay Marine Lot No. 2 and the Extension thereto.</p>	<p>The property comprises various shop units, schools, 3,826 car parking spaces, various storerooms and various landscaped areas within a comprehensive residential development completed between 1977 and 1985.</p> <p>The total gross floor area of the property is approximately 331,079 sq.ft. (30,757.99 sq.m.).</p> <p>Shaukiwan Marine Lot No. 1 is held from the Government for a term of 999 years from 5 August 1890.</p> <p>Shaukiwan Marine Lot No. 2 is held from the Government for a term of 75 years from 27 April 1931 which renewed for a further term of 75 years.</p> <p>Quarry Bay Marine Lot No. 2 and the Extension is held from the Government for a term of 999 years from 18 April 1900.</p> <p>The current Government rent for Shaukiwan Marine Lot Nos. 1 and 2 in total is HK\$984 per annum and for Quarry Bay Marine Lot No. 2 and the Extension thereto is HK\$16,206 per annum.</p>	<p>Except a portion of 2,464 sq.ft. (228.91 sq.m.) that is vacant, the property is subject to various tenancies with terms of 1 to 6 years with the latest tenancy due to expire on 31 March 2015. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly and hourly basis.</p> <p>The total monthly rent and licence income is approximately HK\$12,143,000.</p>	HK\$2,527,400,000

Notes:

- (1) The registered owners of the property are Coventry Estates Limited, Aldrich Bay Developments Limited, Swire Pacific Limited, Swire Properties Limited and Quarry Bay Developments Limited. The ultimate beneficial owner is Coventry Estates Limited.
- (2) Part of the property is subject to various Agreements for Sale and Purchase in favour of various subsidiaries of the Group.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
27.	<p>The commercial and office accommodations and the whole of Car Park (including 1,156 car parking spaces) of Citygate, Tung Chung, Lantau Island, New Territories</p> <p>Part of Tung Chung Town Lot No. 2</p>	<p>The property comprises Citygate South (retail, cinema, office and car parking spaces) and Citygate North (retail, car parking spaces and a hotel) which are linked by a pedestrian bridge that includes retail space.</p> <p>Citygate South comprises 7 levels (including a basement) of retail space including 6-screen cinema of 1,517 seats, 9 office levels and another 2 basement parking levels. The development is linked to the Tung Chung MTR station at the ground level and was completed between 1999 and 2000.</p> <p>The 2nd to 3rd basements provide a total of 1,156 car parking spaces. The 1st basement, ground and 1st to 5th floors accommodate a shopping centre, including cinema whilst the 5th to 13th floors provide office accommodation.</p> <p>The total gross floor area of the commercial accommodation of Citygate is approximately 462,439 sq.ft. (42,961.63 sq.m.), including cinema.</p> <p>The total gross floor area of the office accommodation of Citygate is approximately 160,522 sq.ft. (14,912.86 sq.m.).</p> <p>The property is held from the Government for a term from 27 September 1995 to 30 June 2047. The current Government rent for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p> <p>Except a portion of 580 sq.ft. (53.88 sq.m.) that is vacant, the property is subject to various tenancies with terms of 1 years to 5 years with the latest tenancy due to expire on 11 June 2016. The rents are exclusive of rates, management fees, air-conditioning charges and other outgoings.</p> <p>Except a portion of 102,072 sq.ft. (9,482.72 sq.m.) that is vacant, the office accommodation is subject to various tenancies with terms of 3 to 4 years with the latest tenancy due to expire on 30 April 2012. The rents are exclusive of rates, management fees, air-conditioning charges and other outgoings and the car parking spaces are licensed on monthly and hourly basis.</p> <p>The total monthly rent and licence income is approximately HK\$13,800,000.</p>	<p>HK\$3,243,000,000</p> <p>(20% interest attributable to the Group: HK\$648,600,000)</p>

Note: The registered owner of the property are Newfoundworld Site 2 (CP) Limited (Re: Car Park), Newfoundworld Site 2 (Office) Limited (Re: Office Development) and Newfoundworld Site 2 (Retail) Limited (Re: Commercial Development). The Group holds 20% attributable interest in the property through a joint venture with the registered owners.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
28.	Commercial Development, Tung Chung Crescent, Tung Chung, Lantau Island, New Territories Part of Tung Chung Town Lot No. 1	<p>The property comprises all the shop units on the ground floor of a 4-level commercial/car park podium upon which eight residential towers are erected. The development was completed in two phases between 1998 and 1999.</p> <p>The total gross floor area of the property is approximately 36,053 sq.ft. (3,349.41 sq.m.).</p> <p>The property is held from the Government for a term from 16 August 1995 to 30 June 2047. The current Government rent for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>Except a portion of 1,851 sq.ft. (171.96 sq.m.) that is vacant, the property is subject to various tenancies with terms of 1 to 3 years with the latest tenancy due to expire on 16 December 2012. The rents are exclusive of rates, management fees and other outgoings.</p> <p>The total monthly rent is approximately HK\$2,300,000.</p>	<p>HK\$293,000,000</p> <p>(20% interest attributable to the Group: HK\$58,600,000)</p>

Note: The registered owner of the property is Newfoundworld Site 1 (Retail) Limited and the Group holds 20% attributable interest in the property through a joint venture with the registered owner.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
29.	Commercial units of Towers 1 and 2 and car parking areas, Starcrest, 9 Star Street, Wanchai, Hong Kong	The property comprises 2 commercial units on the ground floor, one commercial unit on the 1st floor and 83 private car parking spaces of a 4-storey commercial podium, upon which one 29-storey and one 25-storey residential tower were erected. The development was completed in 1999.	The property is fully let and is subject to three tenancies with terms of 3 to 4 years with the latest tenancy due to expire in June 2013. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly basis.	HK\$147,000,000
	Part of Inland Lot No. 8853	The total gross floor area of the property is approximately 13,112 sq.ft. (1,218.13 sq.m.), excluding the floor area of the car parking spaces. The property is held from the Government for a term from 26 July 1996 to 30 June 2047. The current Government rent for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The total monthly rent and licence income is approximately HK\$556,500.	

Note: The registered owner of the property is Massrich Investment Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
30.	21-29 (formerly 21, 23, 25, 27 and 29) Wing Fung Street, Wanchai, Hong Kong	The property comprises a 6-storey composite building completed in 1992 (Re: 21 Wing Fung Street) and a 3-storey retail building completed in 2006 (Re: 23, 25, 27 and 29 Wing Fung Street).	Except the Ground and Mezzaine Floor of 21 Wing Fung Street, the property is let with the latest tenancy due to expire in August 2013. The rent is exclusive of rates, management fees and other outgoing.	HK\$197,000,000
	Part of Inland Lot No. 526	The site comprises several contiguous lots with a total site area of approximately 2,967 sq.ft. (275.64 sq.m.). The total gross floor area of 21 Wing Fung Street is approximately 2,732 sq.ft. (253.81 sq.m.). The total gross floor area of 23, 25, 27 and 29 Wing Fung Street is approximately 11,307 sq.ft. (1,050.45 sq.m.). The property is held from the Government under a Government lease for a term of 999 years from 1 September 1857. The current total Government rent for the subject lot sections is HK\$50 per annum.	The total monthly rent is approximately HK\$317,600.	

Notes:

- (1) The registered owners of the property are Asian Sights Investment Ltd (21 Wing Fung Street), Global Linkage Investment Co., Ltd. (Re: 23, 25, 27 and 29 Wing Fung Street).
- (2) The property is subject to a No Objection Letter from the Lands Department of the HKSAR Government (Re: 23, 25, 27 and 29 Wing Fung Street).
- (3) The site is zoned for 'Residential (Group A)' purposes under Wanchai Outline Plan No. S/H5/25 dated 16 November 2007.
- (4) In the course of our valuation, we have taken into account the full development potential of the property subject to the existing tenancy as mentioned above.

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Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
31. Major portion of Cornwall House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong Situated in Section W and the Remaining Portion of Section R of Quarry Bay Marine Lot No. 1	<p>The property comprises the whole of the basement and ground floor, part of the 1st floor, the whole of the 2nd to 6th and 15th to 22nd floors of a 24-storey (including basement) industrial/godown building completed in 1984.</p> <p>A portion of the ground floor and the whole of the basement and 1st floor provide a total of 104 car parking spaces. The remaining portion of the ground floor and upper levels provide godown and factory space.</p> <p>The total gross floor area of the property is approximately 338,369 sq.ft. (31,435.25 sq.m.).</p> <p>The property is held from the Government for a term of 999 years from 2 February 1882. The current total Government rent payable for the subject lot sections is HK\$100 per annum.</p>	<p>The property is fully let and is subject to various tenancies with terms of 3 to 4 years with the latest tenancy due to expire on 30 September 2015. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly basis.</p> <p>The total monthly rent and licence income is approximately HK\$4,094,000.</p>	HK\$917,000,000

Notes:

- (1) The property comprises the whole of Cornwall House except Cargo Loading Bay Nos. F1 and F2 on the 1st floor and the whole of the 7th to 14th floors.
- (2) The registered owner of the property is TaiKoo Place Holdings Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
32. Somerset House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	The property comprises a 24-storey (including basement) industrial/godown building completed in 1988.	The property is fully let and is subject to various tenancies with terms of mostly 3 years with the latest tenancy due to expire on 30 April 2016. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly basis.	HK\$2,878,000,000
Together with Warwick House, are developed on the following:	A portion of the ground and 1st floors and the whole of the basement provide a total of 84 car parking spaces. The remaining portion of the ground and 1st floors and the upper levels provide godown and factory space.	3 years with the latest tenancy due to expire on 30 April 2016. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly basis.	
Section Q and the Remaining Portion of Quarry Bay	The total gross floor area of the property is approximately 923,364 sq.ft. (85,782.61 sq.m.).	The total monthly rent and licence income is approximately	
Marine Lot No. 1	The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rents payable for the respective lots are as follows:	approximately	
	Lot	Government rent per annum	
	QBML No.1 s.Q	HK\$68	HK\$13,050,000.
	QBML No.1 R.P.	HK\$1,190	

Note: The registered owner of the property is TaiKoo Place Holdings Limited.

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Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
33. Warwick House, 979 King's Road, TaiKoo Place, Quarry Bay, Hong Kong	The property comprises a 21-storey industrial/godown building completed in 1979.	Except a portion of 15,744 sq.ft. (1,462.65 sq.m.) that is vacant, the property is subject to various tenancies with terms of mostly 3 years with the latest tenancy due to expire on 31 December 2015. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are licensed on monthly basis.	HK\$1,904,000,000
Together with Somerset House, are developed on the following:	A portion of the ground floor and the whole of the 1st floor provide a total of 97 car parking spaces. The remaining portion of the ground and upper floors provide godown and factory space.		
Section Q and the Remaining Portion of Quarry Bay Marine Lot No. 1	The total gross floor area of the property is approximately 554,934 sq.ft. (51,554.63 sq.m.). The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rents payable for the respective lots are as follows:		
	Lot	Government rent per annum	
	QBML No.1 s.Q	HK\$68	
	QBML No.1 R.P.	HK\$1,190	
		The total monthly rent and licence income is approximately HK\$10,000,000.	

Note: The registered owner of the property is TaiKoo Place Holdings Limited.

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Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
34.	The Upper House, Pacific Place, 88 Queensway, Hong Kong Part of Inland Lot No. 8571	<p>Pacific Place is a comprehensive office, hotel/serviced apartments and commercial complex completed in phases. It comprises four towers for office, hotel and serviced apartment uses erected upon a common retail/car parking podium completed from 1988 to 1991.</p> <p>The Upper House comprises the 37th to 49th floors of a 50-storey block within Phase I of the Pacific Place development with the J.W. Marriott Hotel occupying the lower floors. It was first completed in 1988.</p> <p>In 2009, the property was converted from serviced apartment units into a luxury hotel with a restaurant on the top floor.</p> <p>The total gross floor area of the property is approximately 158,738 sq.ft. (14,747.12 sq.m.) with a total of 117 rooms and suites.</p> <p>The property is held from the Government for a term of 75 years from 18 April 1985, renewable for a further term of 75 years. The current Government rent payable for Inland Lot No. 8571 is HK\$1,000 per annum.</p>	The property is operated as a hotel.	HK\$2,460,000,000

Note: The registered owner of the property is Pacific Place Holdings Limited.

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Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
35.	EAST, Hong Kong, 29 Taikoo Shing Road, Taikoo Shing, Quarry Bay, Hong Kong The Remaining Portion of Section J, Sub-section 1 of Section A of Sub-section 2 of Section Q, the Remaining Portion of Section A of Sub-section 2 of Section Q, Section B of Sub-section 2 of Section Q, Section A of Sub-section 7 of Section Q, the Remaining Portion of Sub-section 7 of Section Q, the Remaining Portion of Section Q, Section A of Sub-section 1 of Section R and the Remaining Portion of Section R of Quarry Bay Marine Lot No. 2 and the Extension thereto	The property comprises a hotel providing a total of 345 rooms adjourning the existing commercial development Cityplaza in Taikoo Shing, completed in 2009. The total gross floor area of the hotel is approximately 199,020 sq.ft. (18,489.41 sq.m.). The property is held from the Government for a term of 999 years from 18 April 1900. The current Government rent for the whole of Quarry Bay Marine Lot No. 2 and the Extension thereto is HK\$16,174 per annum.	The property is operated as a hotel.	HK\$1,180,000,000

Note: The registered owners of the property are Swire Properties Limited and Quarry Bay Developments Ltd.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
36.	Novotel Citygate Hong Kong, Tung Chung, Lantau Island, New Territories	The property comprises a hotel providing a total of 440 rooms which forms part of Citygate North, part of the existing commercial development known as Citygate. The subject hotel was completed in 2005.	The property is operated as a hotel.	HK\$839,000,000 (20% interest attributable to the Group: HK\$167,800,000)
	Part of Tung Chung Town Lot No. 2	The total gross floor area of the hotel is approximately 236,653 sq.ft. (21,985.597 sq.m.). The property is held from the Government for a term from 27 September 1995 to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.		

Note: The registered owner of the property is Newfoundworld Site 2 (Hotel) Limited.

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Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
37.	Island Shangri-La Hong Kong, Pacific Place, 88 Queensway, Hong Kong Part of Inland Lot No. 8582 and the Extension thereto	Pacific Place is a comprehensive office, hotel/serviced apartment and commercial complex completed in phases. It comprises four towers for office, hotel and serviced apartment uses erected upon a common retail/car parking podium completed from 1988 to 1991. Island Shangri-La Hong Kong comprises the levels 5 to 8 and levels 39 to 56 of the hotel/office block within Phase II of the Pacific Place development with Two Pacific Place occupying the lower floors. It was completed in 1991. The total gross floor area of the property is approximately 605,728 sq.ft. (56,273.50 sq.m.) with a total of 565 hotel rooms. The property is held from the Government for a term from 27 May 1986 to 30 June 2047. The current Government rent payable for the lot is an amount equal to 3% of the rateable value for the time being of the lot per annum.	The property is operated as a hotel.	HK\$4,840,000,000 (20% interest attributable to the Group: HK\$968,000,000)

Note: The registered owner of the property is Shangri-La International Hotels (Pacific Place) Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
38.	Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong	Pacific Place is a comprehensive office, hotel/serviced apartment and commercial complex completed in phases. It comprises four towers for office, hotel and serviced apartment uses erected upon a common retail/car parking podium completed from 1988 to 1991.	The property is operated as a hotel.	HK\$3,980,000,000
	Part of Inland Lot No. 8582 and the Extension thereto	Conrad Hotel comprises levels 2-8 and levels 40-61 of the hotel/service apartment block within Phase II of the Pacific Place development with the Pacific Place Apartments occupying the lower floors. It was completed in 1990.		(20% interest attributable to the Group: HK\$796,000,000)
		The total gross floor area of the property is approximately 555,590 sq.ft. (51,615.60 sq.m.) with a total of 513 hotel rooms.		
		The property is held from the Government for a term from 27 May 1986 to 30 June 2047. The current Government rent payable for the lot is an amount equal to 3% of the rateable value for the time being of the lot per annum.		

Notes:

- (1) The registered owner of the property is Greenroll Limited
- (2) The property is subject to a Debenture in favour of The Bank of Tokyo-Mitsubishi UFJ, Ltd. for a loan facility of HK\$1,000,000,000 and all interest thereon, all fees and other moneys from time to time in respect thereof.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
39.	JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong Part of Inland Lot No. 8571	<p>Pacific Place is a comprehensive office, hotel/serviced apartment and commercial complex completed in phases. It comprises four towers for office, hotel and serviced apartment uses erected upon a common retail/car parking podium completed from 1988 to 1991.</p> <p>JW Marriott Hotel comprises the lower floor (27 floors of guestrooms and other additional floor of hotel facilities) of a 50-storey block within Phase I of the Pacific Place development with The Upper House occupying the upper floors. It was completed in 1988.</p> <p>The total gross floor area of the property is approximately 525,904 sq.ft. (48,857.67 sq.m.) with a total of 602 hotel rooms.</p> <p>The property is held from the Government for a term of 75 years from 18 April 1985 renewable for a further term of 75 years. The current Government rent payable for Inland Lot No. 8571 is HK\$1,000 per annum.</p>	The property is operated as a hotel.	<p>HK\$3,930,000,000</p> <p>(20% interest attributable to the Group: HK\$786,000,000)</p>

Notes:

- (1) The registered owner of the property is Queensway Hotel Limited.
- (2) The property is subject to a legal charge in favour of The Bank of Tokyo-Mitsubishi UFJ, Ltd. on its own behalf and as agent and trustee for the finance parties for all moneys.

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Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
40.	Yau Tong Marine Lot Nos. 5, 35, 36 and 37 and Section B of Yau Tong Marine Lot No. 22 and the Extension thereto, Yau Tong, Kowloon	<p>The property comprises 5 marine lots with a total registered site area of approximately 85,493 sq.ft. (7,942.49 sq.m.).</p> <p>The property is held from the Government for terms of 21 years commencing on 1 July 1958 renewed for a further term of 18 years. The lease term has been further statutorily extended to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is vacant.	<p>HK\$303,000,000</p> <p>(Interest attributable to the Group: HK\$111,600,000)</p> <p>(see Note (1))</p>

Notes:

- (1) The interest attributable to the Group comprises 20% of Yau Tong Marine Lot No. 5, Section B of Yau Tong Marine Lot No. 22 and Extension thereto, Yau Tong Marine Lot No. 36 and Yau Tong Marine Lot No. 37; and the whole of Yau Tong Marine Lot No. 35.
- (2) The registered owners of the property are Pure Jade Limited (Re: Y.T.M.L. 5, 22 s.B and Ext., 36 and 37) and Golden Core Properties Limited (Re: Y.T.M.L. 35).
- (3) The property is subject to two Agreements for Sale and Purchase in favour of Start Treasure Limited.
- (4) The property is subject to two Supplemental Agreements for Sale and Purchase in favour of Start Treasure Limited.
- (5) The property is subject to two Second Supplementary Agreements for Sale and Purchase in favour of Start Treasure Limited.
- (6) The property is subject to two Third Supplementary Agreements for Sale and Purchase in favour of Start Treasure Limited.
- (7) The property falls within Kowloon Planning Area No. 15 and is currently zoned as “Comprehensive Development Area” (“CDA”) under Draft Cha Kwo Ling, Yau Tong and Lei Yue Mun Outline Zoning Planning No. S/K15/18 dated October 2009.
- (8) The Government Lease of the property restricted the uses of the property for shipbuilding and/or sawmill and timberyard purposes with a building height restriction of 100 feet above the Hong Kong Principal Datum.
- (9) We have valued the property by taking into account the benefit of the zoning as “Comprehensive Development Area” (CDA), with due allowance for any costs and premium necessary for the development permissible under town planning provision.

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Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
41. The Group's development right and right to all receivables arising out of 4-6 Tsing Tim Street, Tsing Yi, New Territories Sub-section 1 of Section A of Tsing Yi Town Lot No. 48 and the Extension thereto	<p>The property comprises five buildings, namely Building A, Block A, Block B, Block C and Block D. 12 private car parking spaces are provided on the ground floor of Block D.</p> <p>Building A is a 2-storey godown building completed in 1982.</p> <p>Block A is a single-storey dangerous goods store completed in 1988.</p> <p>Blocks B and C are two 5-storey inter-connected factory buildings completed in 1988.</p> <p>Block D is a 6-storey factory/warehouse building completed in 1990.</p> <p>The total gross floor area of the property is approximately 246,657 sq.ft. (22,914.99 sq.m.), exclusive of the area of the parking spaces.</p> <p>The property is held from the Government under New Grant No. 4504 for a term of 99 years less the last 3 days from 1 July 1898 which has been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>Except a portion of 45,414 sq.ft. (4,219.06 sq.m.) that is vacant, the property is subject to various tenancies with terms of 1 to 3 years with the latest tenancy due to expire on 30 September 2012. The rents are inclusive of rates and management fees and the car parking spaces are licensed on monthly basis.</p> <p>The total monthly rent and licence income is approximately HK\$941,000.</p>	HK\$169,400,000

Notes:

- (1) The registered owner of the property is Swire Pacific Limited.
- (2) The property is subject to two Modification Letters (Re: T.Y.T.L. 48 and T.Y.T.L. 48 s.A ss.1 respectively) registered vide Memorial Nos. TW117098, TW136608, TW136609 and TW224394 respectively.
- (3) The property is subject to an Extension Letter registered vide Memorial No. TW268174.

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Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
42.	BAX Global Building (formerly DSL Building), 8-12 Tsing Tim Street, Tsing Yi, New Territories Tsing Yi Town Lot No. 97	<p>The property comprises a 6-storey godown building completed in 1988. 8 private car parking spaces are provided on the ground floor.</p> <p>The total gross floor area of the property is approximately 230,734 sq.ft. (21,435.71 sq.m.), exclusive of the car parking spaces and a roof area of approximately 639 sq.ft. (59.36 sq.m.).</p> <p>The property is held from the Government for a term of 99 years less the last 3 days from 1 July 1898 which has been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>The property is let for a term of 3 years commencing on 1 May 2008 and expiring on 30 April 2011 at a monthly rent of HK\$1,550,000, exclusive of rates and management fees.</p>	HK\$169,500,000

Note: The registered owner of the property is Chun Kwong Group Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>												
43. Major portion of Sincere Insurance Building, 4-6 Hennessy Road, 6-10 Queen's Road East, Wanchai, Hong Kong	The property comprises a major portion of an 19-storey commercial building completed in 1968. The gross floor area of the property is approximately 68,750 sq.ft. (6,387.03 sq.m.) The property is held under the following instruments:-	The property is vacant.	HK\$507,000,000												
Inland Lot Nos. 5250 and part of Inland Lot Nos. 7948 and 7950	<table border="1"> <thead> <tr> <th style="text-align: left;">Lot No.</th> <th style="text-align: left;">Instrument</th> <th style="text-align: left;">Term</th> </tr> </thead> <tbody> <tr> <td>I.L. 5250</td> <td>Government Lease</td> <td>75 years from 21 May 1939 renewable for a further term of 75 years</td> </tr> <tr> <td>I.L. 7948</td> <td>Conditions of Exchange No. UB8125</td> <td>75 years from 2 May 1963 renewable for a further term of 75 years</td> </tr> <tr> <td>I.L. 7950</td> <td>Conditions of Exchange No. UB8210</td> <td>75 years from 6 May 1953 renewable for a further term of 75 years</td> </tr> </tbody> </table>	Lot No.	Instrument	Term	I.L. 5250	Government Lease	75 years from 21 May 1939 renewable for a further term of 75 years	I.L. 7948	Conditions of Exchange No. UB8125	75 years from 2 May 1963 renewable for a further term of 75 years	I.L. 7950	Conditions of Exchange No. UB8210	75 years from 6 May 1953 renewable for a further term of 75 years		
Lot No.	Instrument	Term													
I.L. 5250	Government Lease	75 years from 21 May 1939 renewable for a further term of 75 years													
I.L. 7948	Conditions of Exchange No. UB8125	75 years from 2 May 1963 renewable for a further term of 75 years													
I.L. 7950	Conditions of Exchange No. UB8210	75 years from 6 May 1953 renewable for a further term of 75 years													
	The current aggregate Government rent payable for the lots is HK\$174 per annum.														

Note: The registered owners of the property are Faxon Holdings Limited, Citiluck Development Limited and Daily Shine Development Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2010
44.	Shops A to N on Ground Floor, Wing Fung Building, 8-10 Wing Fung Street, Wanchai, Hong Kong Part of Sections F, G, H and I of Inland Lot No. 47	The property comprises 14 commercial units on the ground floor of a 16-storey composite building with its ground floor devoted to general retail purposes whilst the upper floors accommodate domestic units. The property was completed in 1981. The total saleable area of the property is approximately 2,100 sq.ft. (195.09 sq.m.). The property is held from the Government for a term of 999 years from 24 June 1853. The current Government rent payable for the lots is HK\$24 per annum.	The property is fully let and subject to two tenancies with terms of 2 years with the latest tenancy due to expire on 24 July 2011. The rents are exclusive of rates, management fees and other outgoings. The total monthly rent is approximately HK\$134,000.	HK\$43,100,000

Note: The registered owner of Shops A to E and L to N on Ground Floor of the property is Crossfield Investment Limited and the registered owner of Shops F to K on Ground Floor of the property is Tai Cheong Holdings Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
45. Shops 12, 14 and 16 on Ground Floor, Community Premises on 1st Floor and Pergola on 2nd Floor, Regal Court, 12-18 Wing Fung Street, Wanchai, Hong Kong	<p>The property comprises 3 commercial units on the ground floor and the whole of 1st floor and the pergola on the 2nd floor of a 23-storey composite building completed in 1984.</p> <p>The total saleable area of the commercial space on the ground floor is approximately 1,855 sq.ft. (172.33 sq.m.). The community premises on the 1st floor is approximately 2,029 sq.ft. (188.50 sq.m.). The pergola on the 2nd floor is approximately 653 sq.ft. (60.67 sq.m.).</p>	<p>The property is fully let and subject to three tenancies with terms of one to two years with the latest tenancy due to expire on 23 March 2011. The rents are exclusive of rates, management fees and other outgoings.</p>	HK\$41,600,000
Part of Inland Lot No. 8464	<p>The property is held from the Government under a Conditions of Grant No. 11723 for a term of 75 years from 15 June 1981. The current aggregate rent payable the lot is HK\$1,000 per annum.</p>	<p>The total monthly rent is approximately HK\$156,000.</p>	

Note: The registered owner of the property is Perfect Perform Industrial Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
46.	1st Floor, 2nd Floor and the Podium Roof on 3rd Floor, Lok Moon Mansion, 29-31 Queen's Road East, Wanchai, Hong Kong	The property comprises the whole commercial space on the 1st and 2nd floors and the podium roof on the 3rd floor of a 3-storey commercial podium, upon which a 27-storey residential tower was erected. The development was completed in 1988.	The property is let to two tenants with the latest tenancy due to expire in July 2014. The rent is exclusive of rates management fees and other outgoings.	HK\$158,200,000
	Part of Inland Lot Nos. 3965, 3966, 3967, 3968 and 3969, the Remaining Portions of Inland Lot Nos. 222, 526, 3960, 3961, 3962 and 3963, Sub-sections 4, 5 and 6 of Section A of Inland Lot No. 526, Section A and the Remaining Portion of Sub-section 1 of Section A of Inland Lot No. 526	The total saleable area of the commercial space on the 1st floor is approximately 8,964 sq.ft. (832.78 sq.m.). The total saleable area of the commercial space on the 2nd floor is approximately 9,970 sq.ft. (926.24 sq.m.). The total roof area on the 3rd floor is approximately 5,394 sq.ft. (501.11 sq.m.). The property is held from the Government for terms of 999 years from 1 September 1857 and 26 December 1860 for those sections of Inland Lot No. 526 and those sections of all other lots (other than Inland Lot No. 526) respectively. The current total Government rent payable for Inland Lot Nos. 3965 to 3969, the Remaining Portions of Inland Lot Nos. 222, 526, 3960, 3961, 3962 and 3963, Sub-sections 4 to 6 of Section A of Inland Lot No. 526, Section A and the Remaining Portion of Sub-section 1 of Section A of Inland Lot No. 526 is HK\$220 per annum.	The total monthly rent is approximately HK\$613,960.	

Note: The registered owner of the property is Crossfield Investment Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
47.	Shop No. 14A on Ground Floor, Hoi Kwong Court, Nos. 13/15 Hoi Kwong Street, Quarry Bay, Hong Kong Part of the Remaining Portions of Sections A and B of Marine Lot No. 703	The property comprises a shop unit on the ground floor of two residential blocks completed in 1987. The saleable area of the property is approximately 425 sq.ft. (39.48 sq.m.). The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rent payable for the lot is HK\$516 per annum.	The property is subject to a tenancy for a term of 3 years from 25 September 2009 to 24 September 2012. The rent is exclusive of rates, management fee and other outgoings. The total monthly rent is approximately HK\$35,000.	HK\$12,400,000

Note: The registered owner of the property is Prosperous Dynasty Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2010
48.	5 shops on Ground Floor, Wah Yuen Building, 19-27 Tong Chong Street, Quarry Bay, Hong Kong	The property comprises 5 shop units on the ground floor of a 8-storey composite building completed in 1962. The total saleable area of the property is approximately 2,167 sq.ft. (201.32 sq.m.).	The property is fully let and subject to two tenancies with terms of 3 years with the latest tenancy due to expire on 30 September 2011. The rents are exclusive of rates, management fee and other outgoings The total monthly rent is approximately HK\$181,000.	HK\$49,800,000
	Part of Section I of Marine Lot No. 703	The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rent payable for the lot is HK\$400 per annum.		

Note: The registered owner of shops on ground floor, 19, 21, 25 and 27 Tong Chong Street is Crossfield Investment Limited. The registered owner of shop on ground floor, 23 Tong Chong Street is Sau Lan Investment Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
49.	14 shops on Ground Floor, Sea View Building, 29-41 Tong Chong Street, 31-43 Hoi Wan Street, Quarry Bay, Hong Kong	The property comprises 14 shop units on the ground floor of a 9-storey composite building completed in 1961.	The property is fully let and subject to two tenancies with terms of five to six years with the latest tenancy due to expire on 15 January 2011.	HK\$96,700,000
	Part of Sub-section 1 of Section C of Marine Lot No. 703; Sub-section 2 of Section C of Marine Lot No. 703; Sub-section 3 of Section C of Marine Lot No. 703; Sub-section 4 of Section C and Sub-section 4 of Section D of Marine Lot No. 703; Sub-section 5 of Section C and Sub-section 9 of Section D of Marine Lot No. 703; Sub-section 2 of Section D of Marine Lot No. 703; Sub-section 3 of Section D of Marine Lot No. 703; Sub-section 5 of Section D of Marine Lot No. 703; Sub-section 6 of Section D of Marine Lot No. 703; Sub-section 7 of Section D of Marine Lot No. 703; and Sub-section 8 of Section D of Marine Lot No. 703	The total saleable area of the property is approximately 5,603 sq.ft. (520.53 sq.m.). The property is held from the Government for a term of 999 years from 2 February 1882. The current aggregate Government rent payable for the subject lots is HK\$628 per annum.	The rents are exclusive of rates, management fee and other outgoings. The total monthly rent is approximately HK\$323,000.	

Note: The registered owner of the property is Crossfield Investment Limited, Boomfit Company Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2010
50.	Shops Nos. SLG3, SLG4, SLG5, SLG8, SLG9 and SLG10 on Sub Lower Ground Floor, Westlands Gardens, 1025-1037 King's Road, 2-10, 12A-12H Quarry Bay, Hong Kong Part of the Remaining Portion of Quarry Bay Inland Lot No. 15	The property comprises 6 shop units on the sub-lower ground floor of Westlands Gardens. It is a development having 6 residential blocks erected over a commercial and carpark podium completed in 1975. The total saleable area of the property is approximately 4,999 sq.ft. (464.42 sq.m.). The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rent payable for the lot is HK\$480 per annum.	The property is fully let and subject to three tenancies with the latest tenancy due to expire on 2 September 2014. The rents are exclusive of the rates, management fee and other outgoings The total monthly rent is approximately HK\$332,000.	HK\$118,700,000

Note:

- (1) The registered owner of the property is Guangzhou Express Ltd.
- (2) The property is subject to three No Objection Letters from the Lands Department of the HKSAR Government.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
51. Shop No. B08 and Peacock Area on Ground Floor, 45 Tai Hong Street, Yat Sing Mansion, Yat Hong Mansion, Yat Wing Mansion, Yat Wah Mansion, Site B, Lei King Wan, Hong Kong Part of and in Inland Lot No. 8673	The property comprises a shop unit and a peacock area on ground floor of Lei King Wan. The property was completed in 1988. The property has a gross floor area of approximately 1,333 sq.ft. (123.84 sq.m.), excluding the area of Peacock area. The property is held from the Government under Conditions of Grant No. 11798 for a term of 75 years from 25 July 1975 renewable for a further term of 75 years. The current Government rent payable for the lot is HK\$1,000.	The property is being licensed to the management office. The license fee is exclusive of the rates, management fees and other outgoings. The total monthly license fee is approximately HK\$1.	HK\$5,750,000

Note: The registered owner of the property is Braemar West Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>																
52. Shop 102 on the 1st Floor of Nam Fung Court, Harbour Heights, and an open area (Part of M.L. 281 & Ext. R.P. and M.L. 277 R.P. and Ext.) near Harbour Heights, Fook Yam Road, North Point, Hong Kong	<p>The property comprises a commercial unit on the 1st floor of Harbour Heights and an open site situated outside Harbour Heights. Harbour Heights comprises a total of 3 residential blocks completed in 1988.</p> <p>The gross floor area of the commercial unit is approximately 1,218 sq.ft. (113.15 sq.m.).</p> <p>The registered site area of the open land (M.L. 281 & Ext. R.P. and M.L. 277 R.P. & Ext.) is approximately 76,058 sq.ft. (7,065.96 sq.m.). About 29,064 sq.ft. (2,700.11 sq.m.) of which has been resumed by the government while about 38,642 sq.ft. (3,589.93 sq.m.) of which is currently occupied by the government on a temporary basis till December 2017.</p> <p>The property is held from the Government under 3 Leases and the details of the leases are as follows:-</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Lot No.</th> <th style="text-align: left;">Lease Term</th> </tr> </thead> <tbody> <tr> <td>M.L. 277 & Ext. thereto and I.L. 1395</td> <td>999 years from 24 February 1896 75 years from 31 August 1903</td> </tr> <tr> <td>M.L. 281 & Ext. thereto</td> <td>renewable for a further term of 75 years</td> </tr> </tbody> </table> <p>The Government rents of the lots are as follows:-</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Lot</th> <th style="text-align: left;">Government Rent per annum</th> </tr> </thead> <tbody> <tr> <td>M.L. 277 s.C</td> <td>HK\$76</td> </tr> <tr> <td>M.L. 277 R.P. & Ext. thereto</td> <td>HK\$244</td> </tr> <tr> <td>M.L. 281</td> <td>HK\$6,120</td> </tr> <tr> <td>I.L. 1395</td> <td>HK\$55</td> </tr> </tbody> </table>	Lot No.	Lease Term	M.L. 277 & Ext. thereto and I.L. 1395	999 years from 24 February 1896 75 years from 31 August 1903	M.L. 281 & Ext. thereto	renewable for a further term of 75 years	Lot	Government Rent per annum	M.L. 277 s.C	HK\$76	M.L. 277 R.P. & Ext. thereto	HK\$244	M.L. 281	HK\$6,120	I.L. 1395	HK\$55	<p>The property is partly let with the latest tenancy due to expire in March 2012. The rents are exclusively of rates and management fees and other outgoings.</p> <p>The total monthly rent is approximately HK\$38,000.</p>	HK\$21,300,000
Lot No.	Lease Term																		
M.L. 277 & Ext. thereto and I.L. 1395	999 years from 24 February 1896 75 years from 31 August 1903																		
M.L. 281 & Ext. thereto	renewable for a further term of 75 years																		
Lot	Government Rent per annum																		
M.L. 277 s.C	HK\$76																		
M.L. 277 R.P. & Ext. thereto	HK\$244																		
M.L. 281	HK\$6,120																		
I.L. 1395	HK\$55																		

Notes:

- (1) The registered owner of the property is Cityplaza Holdings Limited (previously known as Taikoo Shing Developments Limited).
- (2) The open area (M.L. 281 & Ext. thereto R.P. and M.L. 277 R.P & Ext. thereto) is subject to the following conditions:-
 - (a) According to Memorial No. 2523621 dated 20 January 1984 Condition of Extension for M.L. 277 R.P. & Ext.
 - clause 7 stated that "... shall not be used for any purposes other than for the purpose of parking, loading and unloading of motor vehicles and water borne transport and open storage of goods";
 - clause 8 stated that "... shall not be used for any purposes other than for the uninterrupted passage of vehicular and pedestrian traffic";
 - clause 9 stated that "The area shall not be taken into account for the purpose of calculating plot ratio or site coverage permitted under the provisions of the Building Ordinance ...";
 - clause 11 stated that "No structure other than boundary walls and fences shall be erected or constructed on or within the Area ..."
 - (b) According to Deed of Variation of Lease of M.L. 281 registered in the Land Registry Memorial No. 3908203 dated 1 December 1988, the conditions stated that the property is subject to Conditions of Extension of the Extension to Marine Lot No. 281.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
53. Inland Lot No. 8842, Pokfulam, Hong Kong	<p>The property comprises a building lot with a registered site area of approximately 23,649 sq.ft. (2,197 sq.m.).</p> <p>Currently standing on the site are two 1-storey structures used as kennels or veterinary clinics and as staff quarter with a total gross floor area of approximately 4,379 sq.ft. (406.82 sq.m.).</p> <p>The property is held from the Government for a term commencing on 13 January 1993 and expiring on 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>The property is currently fully let on monthly licences for a total fee of HK\$10,000.</p>	<p>HK\$7,420,000 (see Note (4))</p>

Notes:

- (1) The registered owner of the property is Dai Yee Assets Limited.
- (2) The property falls within Hong Kong Planning Area No. 10 and is currently zoned for “Government, Institution or Community” (“GIC”) under the Approved Pok Fu Lam Outline Zoning Planning No. S/H10/15 dated 1 February 2005. According to the explanatory notes attached to the aforementioned plan, any new development in the “GIC” zone will require an application under section 16 of the Town Planning Ordinance for approval.
- (3) The Government Lease of the property restricts the uses of the property for kennels, quarantine kennels, animal pounds, stables, veterinary offices for the care of animals, aviaries, market gardening and flower shrub and tree growing subject to a maximum building height of one storey and a maximum roofed-over area of 30% of the area of the lot.
- (4) Our valuation represents the existing use value of the property as kennels.

According to a letter dated 28 May 2004 issued by Town Planning Board, a scheme proposing apartments for the elderly with ancillary recreational, care and communal facilities has been approved with effect until 14 May 2008. The proposed development is scheduled to provide a total gross floor area of approximately 283,448 sq.ft. (26,333 sq.m.) comprising 236,205 sq.ft. (21,944 sq.m.) domestic space and 47,243 sq.ft. (4,389 sq.m.) non-domestic space.

According to a letter dated 8 May 2008 issued by Town Planning Board, the said planning permission has been extended until 14 May 2012.

As informed by the Group, an application for lease modification by way of surrender and regrant has been made but no firm time schedule can be set out as to the time of completion. As such, we have carried out our valuation on the existing use as kennels.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
54. Woodgreen, Pui O, Lantau Island, New Territories Lot Nos. 59, 61 and 259 in Demarcation District No. 335	<p>The property comprises a two and a half storeys detached house completed in 1975 with garden.</p> <p>The total gross floor area of the property is approximately 1,835 sq.ft. (170.48 sq.m.).</p> <p>The site area of the property is approximately 4,028 sq.ft. (374.21 sq.m.).</p> <p>Lot Nos. 59 and 61 are held from the Government for a term of 75 years from 1 July 1898 renewed for a further term of 24 years and Lot No. 259 is held from the Government for 99 years less 3 days from 1 July 1898 all of which have been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is owner-occupied.	HK\$7,700,000

Note: The registered owner of the property is Swire Properties Investments Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
55. Fairfield, Pui O, Lantau Island, New Territories Lot Nos. 295 and 298 in Demarcation District No. 316	<p>The property comprises a two and a half storey detached house completed in 1977 with garden.</p> <p>The total gross floor area of the property is approximately 1,965 sq.ft. (182.55 sq.m.).</p> <p>The site area of the property is approximately 5,227 sq.ft. (485.60 sq.m.).</p> <p>The property is held from the Government for a term of 75 years from 1 July 1898 renewed for a further term of 24 years which has been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	The property is owner-occupied.	HK\$7,300,000

Note: The registered owner of Lot 295 is Swire Properties Investments Limited and of Lot 298 is Boomfit Company Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
56. Wildslopes, San Shek Wan, Lantau Island, New Territories	The property comprises a 1-storey detached house completed in 1971 with garden and swimming pool.	The property is owner-occupied.	HK\$26,300,000
Lot No. 665 in Demarcation District No. 329	The total gross floor area of the property is approximately 3,960 sq.ft. (367.89 sq.m.). The site area of the property is approximately 19,800 sq.ft. (1,839.46 sq.m.). The property is held from the Government for a term of 99 years less the last three days from 1 July 1898 which has been statutorily extended until 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.		

Note: The registered owner of the property is Swire Properties Investments Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
57. Swire Hostel, Pui O, Lantau Island, New Territories	The property comprises a 2-storey hostel completed in 1977 with garden and swimming pool.	The property is vacant.	HK\$11,100,000
Lot No. 279 in Demarcation District No. 335	The total gross floor area of the property is approximately 8,089 sq.ft. (751.49 sq.m.). The site area of the property is approximately 31,528 sq.ft. (2,929.02 sq.m.). The property is held from the Government for a term of 50 years from 4 December 2009. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.		

Note: The registered owner of the property is Green Day Properties Limited.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
58. Unit A of Ground Floor, Unit A on 1st Floor and Basement of Tung Hey Building, 12-22 Queen's Road East, Wanchai, Hong Kong Part of the Remaining Portion of sub-section 1 of Section A of Sub-section 1 of Section A of Marine Lot and the Remaining Portion of Section A of Sub-section 1 of Section A of Marine Lot No. 65	The property comprises the basement, a shop unit on ground floor and another shop unit on the 1st floor of a 27-storey (including basement) building completed in 1977. The total saleable area of the property is approximately 11,474 sq.ft. (1,065.96 sq.m.). The property is held from the Government for a term of 999 years from 25 June 1863. The current government rent payable for the subject lots is HK\$122 per annum.	The property is fully let and subject to two tenancies with terms of 4 years with the tenancy due to expire on 31 March 2013. The rents are exclusive of rates, management fee and other outgoing. The total monthly rent is approximately HK\$316,600.	HK\$134,100,000

Note:

- (1) The registered owners of the property are Crossfield Investment Limited (Unit A of Ground Floor and Basement), Shine Power Company Limited (Unit A on 1st Floor).
- (2) The property is subject to a No Objection Letter from the Lands Department of the HKSAR Government (Re: Unit A on 1st floor).

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
59. Ground Floor, 1 Wing Fung Street, Wanchai, Hong Kong	The property comprises the ground floor a 5-storey building completed in 1962.	The property is let with a term of 3 years due to expire on 23 May 2012. The rents are exclusive of rates, management fee and other outgoings.	HK\$18,300,000
Part of the Remaining Portion of Inland Lot No. 3964	The total saleable area of the property is approximately 646 sq.ft. (60.01 sq.m.) with a yard of approximately 55 sq.ft. (5.11 sq.m.). The property is held from the government for a term of 999 years from 26 December 1860. The current government rent payable for IL3964 is HK\$14 per annum.	The total monthly rent is approximately HK\$38,400.	

Note:

- (1) The registered owner of the property is Achieve Praise Limited.
- (2) The property is subject to a No Objection Letter from the Lands Department of the HKSAR Government.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
60.	Units 2 and 3, Ground Floor, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong	The property comprises 2 industrial units on the ground floor of a 26-storey building completed in 1989. The total gross floor area of the property is approximately 17,248 sq.ft. (1,602.38 sq.m.).	The property is currently vacant.	HK\$80,300,000
	Part of Sub-section 1 of Section C of Quarry Bay Marine Lot No. 1 and Section B of Quarry Bay Marine Lot No. 2	The property is held from the Government for a term of 999 years from 18 April 1900. The current government rent payable for the subject lots is HK\$116 per annum.		

Note:

- (1) The registered owner of the property is China Ace Group Limited.
- (2) The property is subject to a No Objection Letter from the Lands Department of the HKSAR Government.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
61. Ground Floor and Cockloft of Low Block, Vincent Mansion, 7 Star Street, Wanchai, Hong Kong	The property comprises the ground floor and cockloft of a development which consists of the Low Block (7 Star Street) which is a 6-storey building and a High Block (14A-14B Electric Street) which is a 27-storey building block with its lower ground floor providing an access to the Low Block building completed in 1989.	The property is fully let and subject to a tenancy with a term of 4 years due to expire on 30 November 2012. The rent is exclusive of rates, management fee and other outgoing.	HK\$19,900,000
Part of Sub-section 2 of Section C, Sub-section 1 of Section F and the Remaining Portion of Section F of Inland Lot No. 2837	The saleable area of the ground floor and cockloft is approximately 949 sq.ft. (88.16 sq.m.) and 801 sq.ft. (74.41 sq.m.) respectively. The property is held from the Government for a term of 75 years from 22 August 1928 renewed for 75 years. The current total Government rent for the subject lots is HK\$7,560 per annum.	The monthly rent is approximately HK\$80,300.	

Notes:

- (1) The registered owner of the property is Crossfield Investment Limited.
- (2) The property is subject to a No Objection Letter from the Lands Department of the HKSAR Government.

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
62.	3 shops on Ground Floor, Hoi Wan Building, 17, 19 and 21 Hoi Wan Street, Quarry Bay, Hong Kong Part of the Remaining Portion of Section C and Sub-section 1 of Section D of Marine Lot No. 703	The property comprises 3 units on the ground floor of a 9-storey composite building completed in 1962. The total saleable area of the property is approximately 1,382 sq.ft. (128.29 sq.m.). The property is held from the Government for a term of 999 years from 2 February 1882. The current total Government rent payable for the subject lots is HK\$558 per annum.	The property is fully let and subject to a tenancy with a term of six years due to expire on 31 May 2015. The rent is exclusive of rates, management fees and other outgoings. The total monthly rent is approximately HK\$50,000.	HK\$27,600,000

Note: The registered owner of the property is Crossfield Investment Limited.

VALUATION CERTIFICATE

Group II — Property interests held by the Group for sale in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
63. Various residential private car parking spaces, Tung Chung Crescent, Tung Chung, Lantau Island, New Territories Part of Tung Chung Town Lot No. 1	The property comprises 379 residential private car parking spaces of a 4-level commercial/car park podium upon which eight residential towers are erected. The development was completed in two phases between 1998 and 1999. The property is held from the Government for a term from 16 August 1995 to 30 June 2047. The current Government rent for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The car parking spaces are licensed on a monthly and hourly basis. The monthly car parking income was approximately HK\$202,000.	HK\$58,000,000 (20% interest attributable to the Group: HK\$11,600,000)

Note: The registered owner of the property is Newfoundworld Site 1 (CP) Limited.

VALUATION CERTIFICATE

Group II — Property interests held by the Group for sale in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
64. Various residential private car parking spaces, Seaview Crescent, 8 Tung Chung Waterfront Road, Tung Chung, Lantau Island, New Territories	The property comprises 170 residential private car parking spaces of a residential development completed in 2002. The property is held from the Government for a term from 1 May 1996 to 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	The car parking spaces are licensed on a monthly and hourly basis. The monthly car parking income was approximately HK\$119,000.	HK\$26,000,000 (20% interest attributable to the Group: HK\$5,200,000)
Part of Tung Chung Town Lot No. 3			

Note: The registered owners of the property is Newfoundworld Site 3 (CP) Limited.

VALUATION CERTIFICATE

Group II — Property interests held by the Group for sale in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
65. The Group's attributable interest in the commercial portions and 17 car parking spaces in Belair Monte, 3 Ma Sik Road, Fanling, New Territories Part of Fanling Sheung Shui Town Lot No. 126	<p>The property comprises the entire commercial portion on Levels 1 and 2 of the podium and 17 covered car parking spaces on Level 1 of the podium of a private residential development comprising seven 30-storey residential blocks above a 3-storey car parking/commercial/recreational podium completed in 1998.</p> <p>The total gross floor area of the property is approximately 4,436.18 sq.m. (47,751 sq.ft.) excluding the floor area of the car parking spaces.</p> <p>Fanling Sheung Shui Town Lot No.126 is held from the Government under New Grant No. 12733 for a term commencing on 26 May 1994 and expiring on 30 June 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>The commercial portion of the property is mostly let and is subject to various tenancies for terms of 2 to 3 years with the latest tenancy due to expire in February 2012. The rents are exclusive of rates, management fees and other outgoings and the car parking spaces are subject to monthly licences.</p> <p>The total monthly rent and licence income are approximately HK\$425,000.</p>	HK\$10,000,000

Notes:

- (1) The property interests lie in the following premises:-
- (a) Shops : Shops 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11 on Level 1 and the entire Level 2
- (b) Car Parking Spaces : Retail Carparking Space Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 and 17
- (2) The registered owner of the property is Direct Profit Development Limited, in which the Group holds an attributable 8% interest.

VALUATION CERTIFICATE

Group II — Property interests held by the Group for sale in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
66. The Group's right to payment of fees in respect of the unsold portion of Island Lodge, 180 Java Road, North Point, Hong Kong Inland Lot No. 7105	<p>Island Lodge comprises a 40-storey residential block with a total of 184 residential units erected on a 5-storey car park/club house podium. There are 7 shop units on the ground floor and 50 car parking spaces in the development. The occupation permit of the development was issued in December 2008.</p> <p>As at the date of valuation, 171 residential units have been sold and the unsold portion comprises 13 residential units with a total gross area of approximately 15,946 sq.ft. (1,481.42 sq.m.), 7 shop units with a total gross floor area of approximately 8,611 sq.ft (700.98 sq.m.) and 16 car parking spaces.</p> <p>The property is held under Government Lease for a term of 75 years from 21 May 1954 renewable for 75 years. The current Government rent payable for the lot is HK\$1,640 per annum.</p>	The unsold units and car parking spaces are vacant.	<p>HK\$80,950,000</p> <p>(This represents the entitlement of the Group to the fees calculated according to the agreement with the registered owner.)</p>

Note: The registered owner of the property is Forever Vitality Limited.

VALUATION CERTIFICATE

Group III — Property interests held by the Group under development in Hong Kong

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2010								
67. 24-34 Hennessy Road, Wanchai, Hong Kong	The property comprises a site with registered site area of 9,611 sq.ft. (892.86 sq.m.). Currently standing on the site is a multi-storey office building under demolition.	The property is under demolition.	HK\$1,250,000,000								
Marine Lot No. 23, the Remaining Portion of Inland Lot No. 2244 and the Remaining Portion of Inland Lot No. 2245	<p>A high-rise commercial/office building is proposed to be developed. Upon completion, the total gross floor area of the property will be approximately 145,513 sq.ft. (13,518.49 sq.m.). The development is estimated to completed in 2012.</p> <p>The property is held from the Government under 3 Government Leases for a term of 999 years from 9 July 1844. The current Government rents payable for the lots are as follows:-</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Lot</th> <th style="text-align: right;">Annual Government Rent (HK\$)</th> </tr> </thead> <tbody> <tr> <td>ML 23</td> <td style="text-align: right;">82</td> </tr> <tr> <td>IL 2244</td> <td style="text-align: right;">112</td> </tr> <tr> <td>IL 2245</td> <td style="text-align: right;">112</td> </tr> </tbody> </table>	Lot	Annual Government Rent (HK\$)	ML 23	82	IL 2244	112	IL 2245	112		
Lot	Annual Government Rent (HK\$)										
ML 23	82										
IL 2244	112										
IL 2245	112										

Notes:

- (1) The registered owner of the property is Boom View Holdings Limited.
- (2) The use and development of the property are principally governed by the Government Leases of Marine Lot No. 23, Inland Lot No. 2244 and Inland Lot No. 2245. The whole of the documents should be noted, but the following conditions are of particular relevance:-

“..... Executors, Administrators or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Taven-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business whatever, without the previous licence of His said Majesty, His Heirs, Successors or Assigns, signified in writing by the governor of the said Colony of Hongkong or other person duly authorized in that behalf”
- (3) The property is subject to a Licence for Offensive Trade dated 23 June 2009 vide Memorial No. 09070300640187 for granting the owner of the property to carry out trade or business of sugar baker, oilman (excluding petrol filling station), butcher, victualler and taven-keeper.
- (4) The property falls within the “Residential Group (A)” zone on the Wan Chai Outline Zoning Plan No. S/H5/25 dated 16 November 2007. As stipulated in the relevant explanatory notes of the Outline Zoning Plan, the use of “Shop and Services” is always permitted on the lower three floors of a building. The uses of “Office” and “Hotel” are under Column 2 which may be permitted with or without conditions on application to the Town Planning Board.
- (5) The property is subject to an approval on Section 16 Application No. A/H5/372 by the Town Planning Board on 28 November 2008 for office use.

- (6) The property has been valued on the basis that it will be developed and completed in accordance with the Group's latest development proposal provided to us. We have assumed that approvals for the proposal have been or will be obtained.
- (7) As advised by the Group, the construction cost expended up to 31 March 2010 is about HK\$15,370,000. The total estimated construction cost is about HK\$455,600,000. We have taken into account such amount in our valuation.
- (8) The capital value of the property as if completed on 31 March 2010 is approximately HK\$2,143,000,000.

VALUATION CERTIFICATE

Group III — Property interests held by the Group under development in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
68. 5 Star Street, Wanchai, Hong Kong	The property comprises a site with a registered site area of approximately 2,315.8 sq.ft. (215.14 sq.m.).	The property is under construction with superstructure in progress.	HK\$243,000,000
Remaining Portion and Sub-section 1 of Section C of Inland Lot No. 2837	A 29-storey composite building comprising a shop unit on the ground floor and 25 residential units on the upper floors is under construction. Upon completion, the total gross floor area of the property will be approximately 17,663 sq.ft. (1,640.93 sq.m.). The development is estimated to be completed in 2010. The property is held under Government Lease for a term of 75 years from 22 August 1928 renewed for a further term of 75 years. The total current Government rent payable for the property is HK\$14,814 per annum.		

Notes:

- (1) The registered owner of the property is King Mark Finance Co., Ltd.
- (2) The property falls within the "Residential (Group A)" zone on the Wan Chai Outline Zoning Plan No. S/H5/25 dated 6 November 2007.
- (3) The property is subject to a No Objection Letter from the Lands Department of the HKSAR Government.
- (4) As advised by the Group, the construction cost expended up to 31 March 2010 is about HK\$28,410,000. The total estimated construction cost is about HK\$72,610,000. We have taken into account such amount in our valuation.
- (5) The capital value of the property as if completed on 31 March 2010 is approximately HK\$318,000,000.

VALUATION CERTIFICATE

Group III — Property interests held by the Group under development in Hong Kong

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2010
69. 2A-E Seymour Road, 4, 4A, 6 and 6A Castle Steps, 23, 25, 27 and 29 Castle Road, Mid-Levels West, Hong Kong	The property comprises a site with the registered site area of 22,957 sq.ft. (2,132.76 sq.m.) upon which a high rise residential building is proposed to be developed. Upon completion, the total gross floor area of the property will be approximately 206,306 sq.ft. (19,166.30 sq.m.). The development is estimated to be completed in 2012.	Foundation works are completed.	HK\$3,069,000,000 (87.5% interest attributable to the Group: HK\$2,685,375,000)
Section C, Section D, Section E, Section F, Section G, Section H, Section I, Section J, Sub-section 1 of Section L, Sub-section 2 of Section L, Sub-section 3 of Section L, the Remaining Portion of Section L and Section M of Inland Lot No. 577	The property is held under various Sections and Subsections of Inland Lot No. 577 under a Government Lease from the Government for a term of 999 years from 1 May 1858. The current Government rent payable for the property is HK\$44.8 per annum.		

Notes:

- (1) The registered owner of the property is Island Delight Limited.
- (2) Part of the property, namely, Nos. 4, 4A, 6, 6A Castle Steps (“Castle Steps Portion”) is subject to a Sealed Copy Order dated 8 May 2009 registered as Memorial No. 09051502640344. The said Order is concerned with an extension of the building covenant of the Castle Steps Portion from 11 July 2009 to 11 April 2013.
- (3) The property falls within the “Residential (Group A)” and “Residential (Group C)” zones on the Approved Mid-Levels West Outline Zoning Plan No. S/H11/15 dated 19 March 2010.
- (4) The use and development of the property are principally governed by the Government Lease of Inland Lot No. 577. The whole of the documents should be noted, but the following conditions are of particular relevance:-

“..... Executors, Administrators or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Taven-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business whatever, without the previous licence of His said Majesty, His Heirs, Successors or Assigns, signified in writing by the governor of the said Colony of Hongkong or other person duly authorized in that behalf”

However, by the No Objection Letter dated 3 November 1992 issued by the District Lands Officer, Hong Kong West, the Government has granted a licence to Geneseo Limited, the then grantee of the Lot, together with its assigns and executors, to carry out the trade or business of a Sugar-baker, Oilman, Butcher, Victualler or Tavern-keeper notwithstanding the restrictions imposed by the aforesaid “offensive trade clause” in the Government Lease.

- (5) As advised by the Group, the construction cost expended up to 31 March 2010 is about HK\$205,480,000. The total estimated construction cost is about HK\$752,150,000. We have taken into account such amount in our valuation.
- (6) The capital value of the property as if completed on 31 March 2010 is approximately HK\$4,516,000,000.

VALUATION CERTIFICATE

Group III — Property interests held by the Group under development in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
70. 51 and 53 Seymour Road, 140, 140A, 142 and 142A Caine Road, Mid-Levels West, Hong Kong Inland Lot No. 2300	The property comprises a site of 7,975 sq.ft. (740.90 sq.m.) upon which a high rise residential building is proposed to be developed. Upon completion, the total gross floor area of the property will be approximately 75,805 sq.ft. (7,042.48 sq.m.). The development is estimated to be completed in 2012. The property is held under a Government Lease for a term of 999 years from 1 September 1857. The current Government rent payable for the lot is HK\$17.07 per annum.	Foundation works are in progress.	HK\$1,015,000,000

Notes:

- (1) The registered owner of the property is Fine Grace International Limited.
- (2) The property falls within the “Residential (Group A)” zone on the Approved Mid-Level West Outline Zoning Plan No. S/H11/15 dated 19 March 2010.
- (3) The use and development of the property are principally governed by the Government Lease of Inland Lot No. 2300. The whole of the documents should be noted, but the following conditions are of particular relevance:-

“..... Executors, Administrators or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Taven-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business whatever, without the previous licence of His said Majesty, His Heirs, Successors or Assigns, signified in writing by the governor of the said Colony of Hongkong or other person duly authorized in that behalf”
- (4) As advised by the Group, the construction cost expended up to 31 March 2010 is about HK\$37,000,000. The total estimated construction cost is about HK\$381,800,000. We have taken into account such amount in our valuation.
- (5) The capital value of the property as if completed on 31 March 2010 is approximately HK\$1,729,000,000.

VALUATION CERTIFICATE

Group III — Property interests held by the Group under development in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
71. 25A, 25B, 27, 27A, 27B, 29, 29A, 31, 33 and 35 Seymour Road, 14 and 16 Castle Road, Mid-Levels West, Hong Kong The Remaining Portion of Sub-section 1 of Section B, the Remaining Portion of Section B, the Remaining Portion of Section C, the Remaining Portion of Section D and the Remaining Portion of Inland Lot No. 424, Sub-section A of Section 7, Sub-section B of Section 7, Sub-section C of Section 7 and Sub-section D of Section 7 of Inland Lot No. 425	The property comprises a site with the registered site area of 20,756 sq.ft. (1,928.28 sq.m.) upon which a high rise residential building is proposed to be developed. Upon completion, the total gross floor area of the property will be approximately 165,792 sq.ft. (1,540.25 sq.m.). The development is estimated to be completed in 2014. The property is held under various Subsections, Sections and Remaining Portions of Inland Lot Nos. 424 and 425. Inland Lot No. 424 is subject to the Government Lease dated 10 April 1895 for a term of 999 years from 28 May 1855; Inland Lot No. 425 is subject to the Government Lease dated 17 April 1895 for a term of 999 years commencing from 28 May 1855. The current total Government rent payable for the lots is HK\$162 per annum.	Part of the property is a vacant site with foundation works in progress. Part of the property is occupied by existing buildings.	HK\$2,092,000,000

Notes:

- (1) The registered owner of the property is Excel Free Ltd., with the exception that Excel Free Ltd. is the beneficial owner of the following units under binding sale and purchase agreements:-
- (a) Flat B on Upper Ground Floor and Flat Roof, No. 31 Seymour Road;
 - (b) Flat A on 11th Floor and Roof A, No. 31 Seymour Road;
 - (c) Basement Floor of No. 35 Seymour Road.
- (2) The property falls within “Residential (Group A)” zone on the Approved Mid-Levels West Outline Zoning Plan No. S/H11/15 dated 19 March 2010.

- (3) The use and development of the property are principally governed by the Government Leases of Inland Lot Nos. 424 and 425 respectively. The whole of the documents should be noted, but the following conditions are of particular relevance:-

“... Executors, Administrators or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Taven-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business whatever, without the previous licence of His said Majesty, His Heirs, Successors or Assigns, signified in writing by the governor of the said Colony of Hongkong or other person duly authorized in that behalf”

- (4) As advised by the Group, the construction cost expended up to 31 March 2010 is about HK\$30,740,000. The total estimated construction cost is about HK\$550,650,000. We have taken into account such amount in our valuation.
- (5) The capital value of the property as if completed on 31 March 2010 is approximately HK\$3,498,000,000.

VALUATION CERTIFICATE

Group III — Property interests held by the Group under development in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
72. 1-9 and 2-10 Sai Wan Terrace, Quarry Bay, Hong Kong	The property comprises a site with the registered site area of 28,490 sq.ft. (2,646.79 sq.m.) for proposed multi-storey residential development.	Site formation works are in progress.	HK\$1,234,000,000
Shau Kei Wan Inland Lot No. 761	Upon completion, the total gross floor area of the property will be approximately 151,944 sq.ft. (14,115.94 sq.m.). The development is estimated to be completed in 2013.		(80% interest attributable to the Group: HK\$987,200,000)
	The property is held under Conditions of Exchange No. 10009 from the Government for a term of 75 years from 7 October 1907 renewed for a further term of 75 years. The current Government rent payable for the lot is HK\$16,108 per annum.		

Notes:

- (1) The registered owner of the property is Keen Well Holdings Limited.
- (2) The property falls within the “Green Belt” and “Residential Group (B)1” zones on the Draft Quarry Bay Outline Zoning Pan No. S/H21/27 dated 9 October 2009. According to the Explanatory Notes attached to the said Outline Zoning Plan, no new development or addition, alteration and/or modification to the existing building(s) shall result in a total development or redevelopment in excess of a maximum plot ratio of 5.8 and a maximum building height of 120 mPD, or the plot ratio and the height of the existing building(s), whichever is the greater.
- (3) The use and development of the property are principally governed by the Conditions of Exchange No. 10009. The whole of the Conditions should be read and the salient points are as follows:-
Special Conditions:
“(2)(a) The area shown coloured pink and pink hatched black shall not be used for any purpose other than non-industrial purpose only”
“(2)(b) The area shown coloured pink hatched black shall not be used for any purpose other than garden purposes only, shall not be counted for coverage limitations, and no buildings shall be erected thereon.”
“(9) No part of any structure to be erected on the Lot shall exceed a height of 300 feet above Colony Principal Datum.”
- (4) As advised by the Group, the construction cost expended up to 31 March 2010 is about HK\$24,110,000. The total estimated construction cost is about HK\$522,160,000. We have taken into account such amount in our valuation.
- (5) The capital value of the property as if completed on 31 March 2010 is approximately HK\$2,364,000,000.
- (6) As advised by the Group, the property is undergoing a lease modification with the Lands Department of the HKSAR Government to increase the permitted building height. Our valuation is based on the potential of the property and the development scheme as provided by the Group assuming a successful modification of the Conditions of Exchange.

VALUATION CERTIFICATE

Group III — Property interests held by the Group under development in Hong Kong

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2010	
73.	<p>92, 92A, 94, 96, 98, 100 and 102 Caine Road, 18, 18A, 20, 20A, 22 and 22A Castle Road, Mid-Levels West, Hong Kong</p> <p>The Remaining Portion of section 1, Section 2, Section 3, Section 4, Sub-Section 1 of Section 5, the Remaining Portion of Section 5 and the Remaining Portion of Inland Lot No. 425.</p>	<p>The property comprises various buildings erected upon a site with the registered site area of 21,726 sq.ft. (2,018.39 sq.m.).</p> <p>A high rise residential building is proposed to be redeveloped. Upon completion, the total gross floor area of the property will be approximately 195,531 sq.ft. (18,165.27 sq.m.). The redevelopment is estimated to be completed in 2015.</p> <p>The property is held under various Sections and Remaining Portions of Inland Lot No. 425. Inland Lot No. 425 is subject to the Government Lease dated 17 April 1895 for a term of 999 years commencing from 28 May 1855. The current total Government rent payable for the lots are HK\$41.5 per annum.</p>	The property is partly vacant and partly let.	HK\$2,232,000,000

Notes:

- (1) The registered owner of the property is Wonder Cruise Group Limited, with the exception that (a) Wonder Cruise Group Limited is a beneficial owner of the Shop on Ground Floor of No. 102 Caine Road under a binding sale and purchase agreement and (b) various assignments of the units are dated 26 March 2010 and pending completion of the stamping and registration procedures of the sale and purchase transaction.
- (2) The property falls within "Residential (Group A)" zone on the Approved Mid-Levels West Outline Zoning Plan No. S/H11/15 dated 19 March 2010.
- (3) The use and development of the property are principally governed by the Government Leases of Inland Lot Nos. 425. The whole of the documents should be noted, but the following conditions are of particular relevance:-

"... Executors, Administrators or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Taven-keeper, Blacksmith, Nightman, Scavenger, or any other noisy, noisome or offensive trade or business whatever, without the previous licence of His said Majesty. His Heirs, Successors or Assigns, signified in writing by the governor of the said Colony of Hongkong or other person duly authorized in that behalf..."
- (4) As advised by the Group, no construction costs has been expended up to 31 March 2010. The total estimated construction cost is about HK\$661,680,000. We have taken into account such amount in our valuation.
- (5) The capital value of the property as if completed on 31 March 2010 is approximately HK\$4,072,000,000.

VALUATION CERTIFICATE

Group IV — Property interest held by the Group for future development in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
74. 8-10 Wong Chuk Hang Road, Aberdeen, Hong Kong Aberdeen Inland Lot Nos. 338 and 339	<p>The property is a site comprising of 2 lots.</p> <p>The registered site area of Aberdeen Inland Lot No. 338 is approximately 13,000 sq.ft. (1,207.73 sq.m.) and that of Aberdeen Inland Lot No. 339 is approximately 12,500 sq.ft. (1,161.28 sq.m.).</p> <p>Aberdeen Inland Lot No. 338 is held from the Government for a term of 75 years renewable for 75 years from 13 October 1969. Aberdeen Inland Lot No. 339 is held from the Government for a term of 75 years renewable for 75 years from 25 May 1970. The Government rents payable for Aberdeen Inland Lot Nos. 338 and 339 are HK\$298 per annum and HK\$286 per annum respectively.</p>	<p>The property has been leased for 2 years from 1 September 2008 to 31 August 2010 at a monthly rent of HK\$95,000 inclusive of rates and government rent for the storage of construction materials.</p>	<p>HK\$224,000,000</p> <p>(50% interest attributable to the Group: HK\$112,000,000)</p>

Notes:

- (1) The registered owners of both Aberdeen Inland Lot No. 338 and of Aberdeen Inland Lot No. 339 are Hareton Limited, being a 50/50 joint venture between the Group and Heartwell Limited, a subsidiary of China Motor Bus Company Limited.
- (2) Aberdeen Lot No. 338 is subject to a Modification Letter vide Memorial No. UB7577543 and Aberdeen Inland Lot No. 339 is subject to Modification Letter vide Memorial No. UB7577544 both dated 18 September 1998.
- (3) The property falls within the "Other Specified Uses(1) (Business)" zone of the Approved Aberdeen and Ap Lei Chau Outline Zoning Plan No. S/H15/24 dated 19 January 2007. Development and redevelopment on sites in the said zone is subject to building height restrictions of 120 mPD.
- (4) According to the Conditions of Sale of Aberdeen Inland Lot Nos. 338 and 339, the 2 lots shall be used for industrial and/or godown purposes.
- (5) The estimated maximum gross floor area upon redevelopment having regard to the existing lease conditions of the property is approximately 382,500 sq.ft. (35,535.12 sq.m.)

VALUATION CERTIFICATE

Group V — Other property interests held by the Group in Hong Kong

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2010
75. Landscaped areas near Stages II, III, IV, IXB and X, between Stages I and IXB, and the Linear Garden, Taikoo Shing, Quarry Bay, Hong Kong	The property comprises several parcels of land with a total site area of approximately 89,195 sq.ft. (8,286.42 sq.m.).	The property is currently occupied as landscaped area, tennis court or badminton court.	No commercial value
The Remaining Portion of Shaukiwan Marine Lot No. 1	Shaukiwan Marine Lot No. 1 is held from the Government for a term of 999 years from 5 August 1890.		
Sub-section 7 of Section H, Sub-section 8 of Section H, Sub-section 1 of Section B of	Quarry Bay Marine Lot No. 2 and the Extension thereto is held from the Government for a term of 999 years from 18 April 1900.		
Sub-section 6 of Section H, the Remaining Portion of Sub-section 6 of Section H, Section C of Sub-section 6 of Section H, the Remaining Portion of Sub-section 2 of Section H, the Remaining Portion of Sub-section 3 of Section H, Section A of Sub-section 6 of Section H, The Remaining Portion of Sub-section 2, Sub-sections 5 and 6 of Section J, Sub-sections 12 and 17 of Section K, the Remaining Portion of Section P, Sub-sections 1 and 6 of Section Q, Section W and Section X of Quarry Bay Marine Lot No. 2 and the Extension thereto	Inland Lot No. 8759 is held from the Government for a term from 6 October 1994 to 30 June 2047		
Inland Lot No. 8759	The current Government rents for Shaukiwan Marine Lot No. 1 and Quarry Bay Marine Lot No. 2 and the Extension thereto are HK\$440 and HK\$16,206 per annum respectively.		
	The current Government rent for Inland Lot No. 8759 is an amount equal to 3% of the rateable value per annum for the time being.		

Note: The registered owners of the property are Aldrich Bay Developments Limited, Swire Properties Limited, Cityplaza Holdings Limited, Swire Pacific Limited, Quarry Bay Developments Limited and Cathay Limited. The ultimate beneficial owners of the property are Cityplaza Holdings Limited, Swire Sirius (Stage III) Limited and Cathay Limited.

VALUATION CERTIFICATE

Group V — Other property interests held by the Group in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
76. Private Road in Taikoo Shing, Quarry Bay, Hong Kong	The property comprises a parcel of land with a site area of approximately 120,438 sq.ft. (11,189.00 sq.m.).	The property is currently occupied for private road use.	No commercial value
Sub-section 4 of Section J, the Remaining Portion of Section O, the Remaining Portion of Sub-section 7 of Section K, the Remaining Portion of Sub-section 1 of Section R, Sub-section 1 of Section K, the Remaining Portion of Sub-section 2 of Section Q, Sub-section 8 of Section K, Sub-section 2 of Section K, Sub-section 6 of Section K, portion of the Remaining Portion of Section K of Quarry Bay Marine Lot No. 2 and the Extension thereto	Quarry Bay Marine Lot No. 2 and the Extension thereto is held from the Government for a term of 999 years from 18 April 1900. The current Government rent for Quarry Bay Marine Lot No. 2 and the Extension thereto is HK\$16,206 per annum.		

Note: The registered owners of the property are Aldrich Bay Developments Limited, Swire Pacific Limited and Swire Properties Limited. The ultimate beneficial owners of the property are Cityplaza Holdings Limited and Swire Sirius (Stage III) Limited.

VALUATION CERTIFICATE

Group V — Other property interests held by the Group in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
77.	Tong Chong Street, Quarry Bay, Hong Kong	The property comprises a parcel of land with a site area of approximately 17,352 sq.ft. (1,612.00 sq.m.).	The property is currently occupied for private road use.	No commercial value
	The Remaining Portion of Marine Lot No. 703	Marine Lot No. 703 is held from the Government for a term of 999 years from 2 February 1882 and the current Government rent of the lot is HK\$728 per annum.		

Note: The registered owner of the property is TaiKoo Place Holdings Limited (formerly known as Parker Valley Estates Limited).

VALUATION CERTIFICATE

Group V — Other property interests held by the Group in Hong Kong

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
78.	Pan Hoi Street, Quarry Bay, Hong Kong	The property comprises a parcel of land with a site area of approximately 25,575 sq.ft. (2,375.98 sq.m.).	The property is currently occupied for road use.	No commercial value
	Sub-section 2 of Section V, Sub-section 1 of Section V and Sub-section 1 of Section N of Quarry Bay Marine Lot No. 1	Quarry Bay Marine Lot No. 1 is held from the Government for a term of 999 years from 2 February 1882 and the current Government rent for the lot is HK\$2,186 per annum.		

Note: The registered owner of the property is TaiKoo Place Holdings Limited (formerly known as Parker Valley Estates Limited).

VALUATION CERTIFICATE

Group V — Other property interests held by the Group in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
79. Westlands Road and Taikoo Shing Road (western part), Taikoo Shing, Quarry Bay, Hong Kong	The property comprises a parcel of land with a site area of approximately 55,445 sq.ft. (5,150.97 sq.m.).	The property is currently occupied for road use.	No commercial value
The Remaining Portion of Section C and Sub-section 1 of Section R of Quarry Bay Marine Lot No. 1, Section G of Quarry Bay Inland Lot No. 15	Quarry Bay Marine Lot No. 1 is held from the Government for a term of 999 years from 2 February 1882 and Quarry Bay Inland Lot No. 15 is held from the Government for a term of 999 years from 2 February 1882. The current Government rents for Quarry Bay Marine Lot No. 1 and Quarry Bay Inland Lot No. 15 are HK\$2,186 and HK\$480 per annum respectively.		

Note: The registered owners of the property are as follows:

The Remaining Portion of Section C of Quarry Bay Marine Lot No. 1: Swire Properties Ltd

Sub-section 1 of Section R of Quarry Bay Marine Lot No. 1: TaiKoo Place Holdings Limited (formerly known as Parker Valley Estates Limited)

Section G of Quarry Bay Inland Lot No. 15: Westlands Estates Limited

VALUATION CERTIFICATE

Group V — Other property interests held by the Group in Hong Kong

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>										
80. Petrol Filling Station, 979 King's Road, Quarry Bay, Hong Kong	The property comprises a one-storey petrol filling station completed in 1993. The gross floor area of the property is approximately 5,322 sq.ft. (494.45 sq.m.). The property is held from the Government for a term of 999 years from 2 February 1882. The current Government rents payable for the respective lots are as follows:	The property is leased for a term commencing from 3 February 1990 and expiring on 30 June 2047 and automatically renewable for further period or periods not exceeding the residue of the original term granted by the Government Lease. The rent is HK\$1 per annum exclusive of rates.	No commercial value										
Which together with Devon House and Cambridge House are erected on													
Sub-section 2 of Section E of Quarry Bay Marine Lot No. 1, Sub-section 1 of Section F of Quarry Bay Marine Lot No. 1, the Remaining Portion of Section F of Quarry Bay Marine Lot No. 1 and Section N of Marine Lot No. 703	<table border="1"> <thead> <tr> <th style="text-align: left;"><u>Lot</u></th> <th style="text-align: left;"><u>Government rent per annum</u></th> </tr> </thead> <tbody> <tr> <td>QBML No.1 s.E ss.2</td> <td>HK\$40</td> </tr> <tr> <td>QBML No.1 s.F ss.1</td> <td>HK\$128 (QBML No.1 s.F)</td> </tr> <tr> <td>QBML No.1 s.F R.P.</td> <td>HK\$128 (QBML No.1 s.F)</td> </tr> <tr> <td>ML No. 703 s.N</td> <td>HK\$164</td> </tr> </tbody> </table>	<u>Lot</u>	<u>Government rent per annum</u>	QBML No.1 s.E ss.2	HK\$40	QBML No.1 s.F ss.1	HK\$128 (QBML No.1 s.F)	QBML No.1 s.F R.P.	HK\$128 (QBML No.1 s.F)	ML No. 703 s.N	HK\$164		
<u>Lot</u>	<u>Government rent per annum</u>												
QBML No.1 s.E ss.2	HK\$40												
QBML No.1 s.F ss.1	HK\$128 (QBML No.1 s.F)												
QBML No.1 s.F R.P.	HK\$128 (QBML No.1 s.F)												
ML No. 703 s.N	HK\$164												

Note: The registered owner of the property is TaiKoo Place Holdings Limited.

VALUATION CERTIFICATE

Group VI — Property interests held by the Group for investment in the PRC

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
81. Village South, Sanlitun Village, Sanlitun, Chaoyang District, Beijing, the PRC	<p>The property comprises 11 retail blocks of 3 to 4 storeys upon a 2-level basement completed in 2007. Basement level 1 is for retail use and basement level 2 provides carparking spaces.</p> <p>According to the Building Ownership Certificate, the property has a total gross floor area of approximately 81,950.86 sq.m. with details as follows:-</p>	<p>As at the date of valuation, parts of the retail development with a total lettable floor area of approximately 49,575 sq.m. were subject to various tenancies with the latest one due to expire on 4 March 2023 at a total monthly rent of approximately RMB20,400,000.</p> <p>The remainder of the property was vacant.</p>	<p>RMB4,040,000,000</p> <p>(80% interest attributable to the Group: RMB3,232,000,000)</p>
	<p>Use</p>	<p>Approximate Gross Floor Area (sq.m.)</p>	
	Retail	72,176.59	
	Carpark	<u>9,774.27</u>	
	Total:	<u>81,950.86</u>	
	<p>According to the information provided by the Company, the property is provided with 451 car parking spaces and an additional gross floor area of approximately 8,513 sq.m. devoted to civil-defense area.</p> <p>The land use rights of the property have been granted for terms expiring on 30 August 2044 for commercial use and expiring on 30 August 2054 for basement carpark use.</p>		

Notes :-

- (1) According to Building Ownership Certificate No. 540921 issued by Beijing City Chaoyang District Housing Administration Bureau on 1 February 2008, the building ownership of the property comprising a total gross floor area of 81,950.86 sq.m. has been vested in 北京三里屯南區物業管理有限公司 (Beijing Sanlitun South Property Management Company Limited) for commercial and underground car parking uses.
- (2) According to Land Use Rights Certificate No. 0685 issued by Beijing Land Administrative Bureau, the land use rights of the property having a site area of 28,063.02 sq.m. have been vested in 北京三里屯南區物業管理有限公司 for land use terms expiring on 30 August 2044 for commercial and underground commercial uses and expiring on 30 August 2054 for basement carpark use.

- (3) According to Contract for Grant of Land Use Rights No. (2004) 813 entered into between the State Land Resources Bureau of Beijing and 北京國峰置業有限公司 (Beijing Guo Feng Real Estate Development Company Limited), an independent third party, dated 31 August 2004 and its supplemental Agreement dated 10 December 2005, the land use rights of the property have been granted to 北京國峰置業有限公司 with details as follows:-

- (i) Location : A site in the South Portion of Sanlitun, Beijing
- (ii) Site Area : 28,063.02 sq.m.
- (iii) Uses : Commercial, Basement Carpark and Basement Commercial
- (iv) Total Gross Floor Area : 90,600 sq.m.
(Above ground area: 43,500 sq.m.;
below ground area: 47,100 sq.m.)
- (v) Building Covenant : 31 March 2007

- (4) According to the Company, the Group holds an 80% attributable interest in the property.

- (5) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-

- (i) The Group has obtained the Land Use Rights Certificate and Building Ownership Certificate of the property.
- (ii) The Group is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the property together with the residual term of its land use rights according to the PRC law.
- (iii) As far as the PRC legal adviser is aware of, the property is free from and clear of encumbrance.

- (6) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:-

Building Ownership Certificate	Yes
Land Use Rights Certificate	Yes
Contract for Grant of Land Use Rights	Yes

VALUATION CERTIFICATE

Group VI — Property interests held by the Group for investment in the PRC

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>								
82. Village North, Sanlitun Village, Sanlitun, Chaoyang District, Beijing, the PRC	<p>The property comprises 7 blocks of 4-storey retail premises, basement retail and car parking facilities completed in 2007.</p> <p>According to the Building Ownership Certificate, the property has a total gross floor area of 65,061.19 sq.m., with details as follows:-</p> <table border="1"> <thead> <tr> <th><u>Use</u></th> <th><u>Approximate Gross Floor Area (sq.m.)</u></th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>48,253.32</td> </tr> <tr> <td>Carpark</td> <td>16,807.87</td> </tr> <tr> <td>Total:</td> <td>65,061.19</td> </tr> </tbody> </table> <p>According to the information provided by the Company, the property is provided with 410 car parking spaces.</p> <p>The land use rights of the property have been granted for terms expiring on 30 August 2044 for commercial use and expiring on 30 August 2054 for basement carpark use.</p>	<u>Use</u>	<u>Approximate Gross Floor Area (sq.m.)</u>	Retail	48,253.32	Carpark	16,807.87	Total:	65,061.19	<p>As at the date of valuation, parts of the retail development with a total lettable floor area of approximately 23,557 sq.m. were subject to various tenancies with the latest one due to expire in December 2017 at a total monthly rent of approximately RMB3,620,000.</p> <p>The remainder of the property was vacant.</p>	<p>RMB2,385,000,000</p> <p>(80% interest attributable to the Group: RMB1,908,000,000)</p>
<u>Use</u>	<u>Approximate Gross Floor Area (sq.m.)</u>										
Retail	48,253.32										
Carpark	16,807.87										
Total:	65,061.19										

Notes:-

- (1) According to Building Ownership Certificate No. 527584 issued by Beijing City Chaoyang District Housing Administration Bureau on 12 December 2007, the building ownership of the property comprising a total gross floor area of 65,061.19 sq.m. has been vested in 北京三里屯北區物業管理有限公司 (Beijing Sanlitun North Property Management Company Limited) for commercial and underground car parking uses.
- (2) According to Land Use Rights Certificate No. (2009)0118 issued by Beijing Land Administrative Bureau, the land use rights of the property having a site area of 19,408.59 sq.m. have been vested in 北京三里屯北區物業管理有限公司 for a land use terms expiring on 30 August 2044 for commercial and underground commercial uses and expiring on 30 August 2054 for basement carpark use.
- (3) According to Contract for Grant of Land Use Rights No. (2004) 812 entered into between the State Land Resources Bureau of Beijing and 北京國峰置業有限公司 (Beijing Guo Feng Real Estate Development Company Limited), an independent third party, dated 31 August 2004 and its supplemental Agreement dated 27 January 2006, the land use rights of the property were granted to 北京國峰置業有限公司 with details as follows:-
 - (i) Location : A site in the North Portion of Sanlitun, Beijing
 - (ii) Site Area : 24,551.09 sq.m.
 - (iii) Uses : Commercial, Basement Carpark and Basement Commercial
 - (iv) Total Gross Floor Area : 84,182 sq.m. (Above ground area: 40,682 sq.m.; below ground area: 43,500 sq.m.)
 - (v) Building Covenant : 31 March 2007

- (4) According to the Company, the Group holds an 80% attributable interest in the property.
- (5) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
- (i) The Group has obtained the Land Use Rights Certificate and Building Ownership Certificate of the property.
 - (ii) The Group is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the property together with the residual term of its land use rights according to the PRC law.
 - (iii) As far as the PRC legal adviser is aware of, the property is free from and clear of encumbrance.
- (6) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:-
- | | |
|---------------------------------------|-----|
| Building Ownership Certificate | Yes |
| Land Use Rights Certificate | Yes |
| Contract for Grant of Land Use Rights | Yes |

VALUATION CERTIFICATE

Group VI — Property interests held by the Group for investment in the PRC

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
83. Part of Basement, the whole of Levels 1 to 3 and 100 car parking spaces, Beaumonde Retail Podium, 75 Tianhe East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>The property comprises 34 shops at part of basement and the whole of three above ground retail floors of a 4-storey retail podium together with 100 car parking spaces of a composite development completed in around 2008.</p> <p>The property has a total gross floor area of approximately 8,439.91 sq.m. (excluding the car parking spaces of an area of 1,272 sq.m.).</p> <p>The land use rights of the development comprising the property have been granted for a term of 40 years commencing on 27 December 2004 for commercial use.</p>	<p>As at the date of valuation, parts of the property with a total lettable floor area of approximately 4,477 sq.m. were leased out to various tenants with the latest term due to expire on 22 September 2015. The total monthly rent was approximately RMB1,072,412.</p> <p>The remainder of the property was vacant.</p>	RMB380,000,000

Notes:-

- (1) According to 131 Certificates of Real Estate Ownership issued by the Bureau of Land Resources and Housing Management of Guangzhou Municipality, the building ownerships of 34 shops and 97 car parking spaces of the property are vested in 堡泉(廣州)物業管理有限公司 (Sunshine Melody (Guangzhou) Properties Management Ltd.), a wholly-owned subsidiary of the Company. The land use rights of the property have been granted for a term of 40 years commencing on 27 December 2004 for commercial use.

For the remaining 3 car-parking spaces, 堡泉(廣州)物業管理有限公司 (Sunshine Melody (Guangzhou) Properties Management Ltd.) has duly signed sale and purchase contracts with, and paid the full amount of consideration to, the vendor. The information of the related sale and purchase contracts has been published on the website of Bureau of Land Resources and Housing Management of Guangzhou Municipality (廣州市國土資源和房屋管理局).

According to the sale and purchase contracts in respect of such 3 car-parking spaces, the vendor (廣州海溢房地產發展有限公司 (Guangzhou City Real Estate Development Co., Ltd.)), an independent third party, has the responsibility to complete the registration procedures with respect to the transfer of the title of such 3 car parking spaces to 堡泉(廣州)物業管理有限公司 (Sunshine Melody (Guangzhou) Properties Management Ltd.) within a prescribed period. Otherwise, 堡泉(廣州)物業管理有限公司 (Sunshine Melody (Guangzhou) Properties Management Ltd.) is entitled to require the vendor to assume relevant responsibilities for its breach of contractual obligations. As advised by the Company, the vendor is still in the process of applying for the relevant Certificates Real Estate Ownership in respect of such 3 car parking spaces for 堡泉(廣州)物業管理有限公司 (Sunshine Melody (Guangzhou) Properties Management Ltd.).

- (2) According to Land Use Rights Certificate No. (2004) 322 issued by the Bureau of Land Resources and Housing Management of Guangzhou Municipality on 28 December 2004, the land use rights of the property having a site area of 16,200 sq.m. have been vested in 廣州市海溢房地產發展有限公司 (Guangzhou City Real Estate Development Co., Ltd.) for 40 years commencing on 27 December 2004 for commercial use.

- (3) As advised by the Company, 廣州市海溢房地產發展有限公司 (Guangzhou City Real Estate Development Co., Ltd.) is the developer of the property and the vendor which sold the property to 堡泉 (廣州) 物業管理有限公司 (Sunshine Melody (Guangzhou) Properties Management Ltd.). Apart from this, there has been no other relationship between 廣州市海溢房地產發展有限公司 (Guangzhou City Real Estate Development Co., Ltd.) and 堡泉 (廣州) 物業管理有限公司 (Sunshine Melody (Guangzhou) Properties Management Ltd.) or the Company.
- (4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
- (i) The Group has obtained the Certificate of Real Estate Ownership of 34 shops and 97 car parking spaces.
- (ii) The Group is in possession of a proper legal title to the property and is entitled to occupy and use the 34 shops and 97 car parking spaces; and lease, transfer, mortgage and dispose of the 34 shops according to the PRC law.
- (iii) The Group has legally and validly purchased 3 car parking spaces from 廣州市海溢房地產發展有限公司 (Guangzhou Haiyi Property Development Co., Ltd.) under the Sale and Purchase Contracts of Commodity Housing.
- (5) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:-
- | | |
|---------------------------------------|------------|
| Land Use Rights Certificate | Yes |
| Certificates of Real Estate Ownership | Yes (part) |
| Agreement for Sale and Purchase | Yes |

VALUATION CERTIFICATE

Group VI — Property interests held by the Group for investment in the PRC

Property interest	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2010
84. 5th Floor, Longde Building, 377 Tianhe Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>The property comprises the whole of 5th floor of a composite building which consists of office, commercial and residential spaces completed in 2006.</p> <p>According to the Certificate of Real Estate Ownership, the property has a total gross floor area of approximately 2,207.29 sq.m.</p> <p>The land use rights of the property have been granted for various land use terms of 40 years for commercial, tourist and entertainment uses, 50 years for other uses and 70 years for residential use all commencing on 19 September 2002.</p>	<p>As at the date of valuation, the property was leased out to various tenants with the latest term due to expire on 15 April 2011.</p> <p>The total monthly rent was approximately RMB282,771.</p>	RMB40,000,000

Notes:-

- (1) According to Certificate of Real Estate Ownership No. C5004092 dated 6 March 2007 issued by the Bureau of Land Resources and Housing Management of Guangzhou Municipality, the property with a gross floor area of approximately 2,207.2895 sq.m. is held by 堡泉(廣州)物業管理有限公司 (Sunshine Melody (Guangzhou) Properties Management Ltd.).
- (2) According to Land Use Rights Certificate No. (2003) 398 issued by Bureau of Land Resources and Housing Management of Guangzhou Municipality on 31 December 2003, the land use rights of Longde Building, including the property, comprising a site area of 3,646 sq.m., have been vested in 廣州市興雅房地產開發有限公司 (Guangzhou Xing Ya Real Estate Development Co., Ltd.), an independent third party, for various land use terms of 40 years for commercial, tourist and entertainment uses, 50 years for other uses and 70 years for residential use all commencing on 19 September 2002.
- (3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
 - (i) The Group has obtained the Certificate of Real Estate Ownership of the property.
 - (ii) The Group is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the property according to the PRC law.
 - (iii) As far as the PRC legal adviser is aware of, the property is free from and clear of encumbrance.
- (4) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:-

Certificate of Real Estate Ownership	Yes
Land Use Rights Certificate	Yes

VALUATION CERTIFICATE

Group VI — Property interests held by the Group for investment in the PRC

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
85. Units A1-2503, A1-2602, A1-2802 and A1-3102, Beaumonde, 83 Tianhe East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>The property comprises four residential units on levels 25, 26, 28 and 31 respectively of a 33-storey residential building completed in 2007.</p> <p>According to the Certificate of Real Estate Ownership, the property has a total gross floor area of approximately 541.13 sq.m.</p> <p>The land use rights of the development comprising the property have been granted for a term of 70 years from 27 December 2004 to 26 December 2074 for residential use.</p>	<p>As at the date of valuation, the property was leased out to various tenants with the latest term due to expire on 4 August 2010.</p> <p>The total monthly rent was approximately RMB51,500.</p>	RMB14,600,000

Notes:-

- (1) According to 4 Certificates of Real Estate Ownership Nos. 0120089115, 0120089158, 0120089166 and 0120089167, the property with a total gross floor area of approximately 541.13 sq.m. for residential use is held by 堡泉(廣州)物業管理有限公司 (Sunshine Melody (Guangzhou) Properties Management Ltd.).
- (2) According to four Sale and Purchase Contracts of Commodity Housing signed between 廣州市海溢房地產發展有限公司 (Guangzhou City Real Estate Development Co., Ltd.) (the Vendor), an independent third party, and 堡泉(廣州)物業管理有限公司 (Sunshine Melody (Guangzhou) Properties Management Ltd.) (the Purchaser) on 18 October 2006, the Group has purchased the property for the total consideration of RMB7,404,667.
- (3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
 - (i) The Certificates of Real Estate Ownership and Sale and Purchase Contracts of Commodity Housing are legal, valid and binding to both parties according to the PRC law.
 - (ii) The Group is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the property according to the PRC law.
- (4) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:-

Certificate of Real Estate Ownership	Yes
Sale and Purchase Contract of Commodity Housing	Yes

VALUATION CERTIFICATE

Group VI — Property interests held by the Group for investment in the PRC

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>								
86. The Opposite House, 11 Sanlitun North Road, Chaoyang District, Beijing, the PRC	<p>The property comprises an 8-storey hotel (inclusive of 2 levels of basement) with 99 guest rooms completed in 2007.</p> <p>According to the Building Ownership Certificate, the property has a total gross floor area of 17,874.69 sq.m. with details as follows:-</p> <table style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Hotel (include commercial)</td> <td style="text-align: right;">15,743.51</td> </tr> <tr> <td>Carpark</td> <td style="text-align: right;"><u>2,131.18</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>17,874.69</u></td> </tr> </tbody> </table> <p>According to the information provided by the Company, the property is provided with 24 car parking spaces.</p> <p>The land use rights of the property have been granted for terms expiring on 30 August 2044 for commercial use and expiring on 30 August 2054 for basement carpark use.</p>	Use	Approximate Gross Floor Area (sq.m.)	Hotel (include commercial)	15,743.51	Carpark	<u>2,131.18</u>	Total:	<u>17,874.69</u>	As at the date of valuation, the property was operated by the Group as a hotel.	RMB580,000,000
Use	Approximate Gross Floor Area (sq.m.)										
Hotel (include commercial)	15,743.51										
Carpark	<u>2,131.18</u>										
Total:	<u>17,874.69</u>										

Notes:-

- (1) According to Building Ownership Certificate No. 527585 issued by Beijing City Chaoyang District Housing Administration Bureau on 12 December 2007, the building ownership of the property comprising a total gross floor area of 17,874.69 sq.m. has been vested in 北京三里屯酒店管理有限公司 (Beijing Sanlitun Hotel Management Company Limited) for hotel, commercial and basement car park uses.
- (2) According to Land Use Rights Certificate No. (2004) 0684 issued by Beijing Land Administrative Bureau, the land use rights of the property having a site area of 5,142.50 sq.m. have been vested in 北京三里屯酒店管理有限公司 for terms expiring on 30 August 2044 for commercial and underground commercial uses and expiring on 30 August 2054 for basement car park use.
- (3) According to Contract for Grant of Land Use Rights No. (2004) 812 entered into between the State Land Resources Bureau of Beijing and 北京國峰置業有限公司 (Beijing Guo Feng Real Estate Development Company Limited), an independent third party, dated 31 August 2004 and its supplemental Agreement dated 27 January 2006, the land use rights of the property have been granted to 北京國峰置業有限公司 with details as follows:-
 - (i) Location : A site in the North Portion of Sanlitun, Beijing
 - (ii) Site Area : 24,551.09 sq.m.
 - (iii) Uses : Commercial, Basement Car park and Basement Commercial
 - (iv) Total Gross Floor Area : 84,182 sq.m. (Above ground area: 40,682 sq.m.; below ground area: 43,500 sq.m.)
 - (v) Building Covenant : 31 March 2007

- (4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
- (i) The Group has obtained the Land Use Rights Certificate and Building Ownership Certificate of the property.
 - (ii) The Group is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the property together with the residual term of its land use rights according to the PRC law.
 - (iii) As far as the PRC legal adviser is aware of, the property is free from and clear of encumbrance.
- (5) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:-
- | | |
|---------------------------------------|-----|
| Building Ownership Certificate | Yes |
| Land Use Rights Certificate | Yes |
| Contract for Grant of Land Use Rights | Yes |

VALUATION CERTIFICATE

Group VII — Property interests held by the Group under development in the PRC

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
87. TaiKoo Hui, Tianhe East Road, Tianhe District, Guangzhou, Guangdong Province, the PRC	<p>The property comprises a site with an area of 48,954 sq.m.</p> <p>The property, currently under construction, is planned to be developed into a composite development. According to the information provided by the Company, the breakdown planned gross floor areas of the property are as follows:-</p>	<p>As at the date of valuation, the property was under construction.</p> <p>The whole development is scheduled to be completed in 2011.</p>	<p>RMB6,795,000,000</p> <p>(97% interest attributable to the Group: RMB6,591,150,000)</p>
	Approximate Gross Floor Area		
	Uses	(sq.m.)	
	Retail	138,071	
	Office	159,987	
	Hotel and Serviced Apartment	59,570	
	Cultural Centre	51,867	
	Carpark	43,212	
	Substation	<u>3,983</u>	
	Total	<u>456,690</u>	
	<p>The cultural centre will be handed over to the government without consideration after completion.</p> <p>The land use rights of the property have been granted for a term of 50 years from 25 December 2001 to 24 December 2051 for commercial, office and other uses (commercial services and public construction uses as stipulated in the Certificate).</p>		

Notes :-

- (1) According to Land Use Rights Certificate No. (2004) 10026 issued by the Bureau of Land Resources and Housing Management of Guangzhou Municipality on 3 November 2004, the land use rights of the property, comprising a site area of 45,720 sq.m., have been vested in 太古滙(廣州)發展有限公司 (TaiKoo Hui (Guangzhou) Development Co., Ltd.) for a land use term of 50 years from 25 December 2001 to 24 December 2051 for commercial, office and other uses (commercial services and public construction uses as stipulated in the Certificate).
- (2) According to State-owned Land Use Rights Transfer Contract dated 1 April 2004 entered into between 廣州市大洋房地產開發公司 (Guangzhou Da Yang Real Estate Development Company), a joint venture partner of the property, and 太古滙(廣州)發展有限公司 (TaiKoo Hui (Guangzhou) Development Co., Ltd.), the land use rights of the property was transferred to 太古滙(廣州)發展有限公司 (TaiKoo Hui (Guangzhou) Development Co., Ltd.).

- (3) According to the Supplemental Clauses to the State-owned Land Use Rights Transfer Contract dated 1 April 2004, 廣州市大洋房地產開發公司 (Guangzhou Province Da Yang Real Estate Development Company) and 太古滙(廣州)發展有限公司 (TaiKoo Hui (Guangzhou) Development Co., Ltd.) supplemented the Transfer Contract referred to in Noted (2) above. The description of the property stated in the said Transfer Contract and Supplemental Clauses are as follows: -

- (i) Location : A site on north of Tianhe Road, west of Tianhe Road, Tianhe District, Guangzhou (ie. at the north-western juncture of Tianhe East Road and Tianhe Road)
- (ii) Site Area : 48,954 sq.m.
- (iii) Uses : Mixed use

- (iv) Total Gross Floor Area : 447,483 sq.m.

According to the letter Sui Gui Han No. (2006) 8840 issued by Guangzhou Planning Bureau on 27 November 2006, the total permitted gross floor area has been adjusted to 457,584 sq.m.

- (4) According to Construction Land Planning Certificate No. (1998) 173 issued on 2 September 1998, the proposed construction land use of the property complies with the town planning requirements and permit for construction of a site area and a net site area of 48,954 sq.m. and 45,720 sq.m. respectively.

The site boundary for the net site area was adjusted due to a road widening scheme pursuant to the letter Sui Gui Han No. (2003) 4143 issued by Planning Bureau. The site area and the net site area were revised to 48,954 sq.m. and 43,980 sq.m. respectively pursuant to Sui Gui Pi No. (2005) 347 issued by Planning Bureau on 13 January 2004.

- (5) According to Planning Permit for Construction Works No. (2007)4031 issued by Guangzhou Urban Planning Bureau on 5 September 2007, the construction works of 4 basement levels with a gross floor area of 169,031 sq.m. are in compliance with the construction works requirements and have been approved.

According to Planning Permit for Construction Works No. (2008)3917 issued by Guangzhou Urban Planning Bureau on 6 November 2008, the construction works of 39 storeys aboveground with a gross floor area of 288,757 sq.m. are in compliance with the construction works requirements and have been approved.

- (6) According to Commencement Permit for Construction Works No.440101200711080201 issued by Guangzhou Construction Committee on 8 November 2007, the construction works of 4 basement levels with a gross floor area of 169,031 sq.m. are in compliance with the requirements for works commencement and have been permitted.

According to Commencement Permit for Construction Works No.440101200901080101 issued by Guangzhou Construction Committee on 8 January 2009, the construction works of 39 storeys aboveground with a gross floor area of 288,757 sq.m. are in compliance with the requirements for works commencement and have been permitted.

- (7) According to the information provided by the Company, the expended construction cost as at 31 March 2010 was RMB2,214,000,000. The estimated total construction cost was RMB4,231,500,000 (including the cost of RMB180,000,000 for cultural centre which should be handed over to the government without consideration after completion). In the course of our valuation, we have included such costs.

- (8) The capital value when completed of the property as at 31 March 2010 was approximately RMB9,588,000,000.

- (9) According to the Company, the Group holds a 97% attributable interest in the property.

- (10) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-

- (i) The Group has obtained the Land Use Rights Certificate and the requisite approvals in respect of the construction of the property.
- (ii) The land grant fee of the property has been fully settled

- (iii) The Group is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the property together with the residual term of its land use rights according to the PRC law.
- (iv) As far as the PRC legal adviser is aware of, the property is free from and clear of encumbrance.
- (11) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:-
- | | |
|---|-----|
| Land Use Rights Certificate | Yes |
| State-owned Land Use Rights Transfer Contract and its Supplemental Clause | Yes |
| Red-line Drawing | Yes |
| A letter Sui Gui Han No. (2006) 8840 issued by
Guangzhou Planning Bureau on 27 November 2006 | Yes |
| Construction Land Planning Certificate | Yes |
| Planning Permit for Construction Works | Yes |
| Commencement Permit for Construction Works | Yes |

VALUATION CERTIFICATE

Group VII — Property interests held by the Group under development in the PRC

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>												
88. A site at Tuo Fang Ying Cun to be developed as INDIGO, Chaoyang District, Beijing, the PRC	<p>The property comprises a parcel of land with a site area of approximately 58,628.35 sq.m.</p> <p>The property, currently under construction, is planned to be developed into a composite development comprising a shopping mall, an office tower, a hotel and 1,245 car parking spaces.</p> <p>According to the information provided by the Company, the breakdown of the gross floor area of the property is as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Uses</th> <th style="text-align: right;">Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td style="text-align: right;">85,566</td> </tr> <tr> <td>Office</td> <td style="text-align: right;">56,086</td> </tr> <tr> <td>Hotel</td> <td style="text-align: right;">34,233</td> </tr> <tr> <td>Carpark</td> <td style="text-align: right;"><u>130,577</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>306,462</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for terms of 40 years expiring on 28 August 2044 for commercial and underground commercial uses and 50 years expiring on 28 August 2054 for office, underground office and basement carpark use.</p>	Uses	Approximate Gross Floor Area (sq.m.)	Retail	85,566	Office	56,086	Hotel	34,233	Carpark	<u>130,577</u>	Total:	<u>306,462</u>	<p>As at the date of valuation, the property was under construction.</p> <p>The whole development is scheduled to be completed in 2011.</p>	<p>RMB2,015,000,000</p> <p>(50% interest attributable to the Group: RMB1,007,500,000)</p>
Uses	Approximate Gross Floor Area (sq.m.)														
Retail	85,566														
Office	56,086														
Hotel	34,233														
Carpark	<u>130,577</u>														
Total:	<u>306,462</u>														

Notes:-

- (1) According to Land Use Rights Certificate No. (2007) 0529 issued by Beijing Land Resources Bureau, the land use rights of the property having a site area of 58,368.58 sq.m. have been vested in 北京麟聯置業有限公司 (Beijing Linlian Real Estate Co. Ltd.), a jointly controlled company, for land use terms of 40 years expiring on 28 August 2044 for commercial and underground commercial uses, and 50 years expiring on 28 August 2054 for office, underground office and basement carpark use.
- (2) According to Planning Permit for Construction Land No. 2008(0053), the proposed construction land use of the property complies with the town planning requirements and permits for construction of a total site area of 58,628.35 sq.m. has been granted to 北京麟聯置業有限公司.
- (3) According to Planning Permit for Construction Works No. 2008 (0178), the proposed construction works of INDIGO comply with the town planning requirements and the permitted total gross floor area is 306,462 sq.m.
- (4) According to Permit for Commencement of Works No. 2009 (0016), the proposed construction works of INDIGO comply with the construction works commencement conditions and the permitted total gross floor area is 306,462 sq.m. The permitted construction period is granted from 1 December 2008 to 16 November 2011.

- (5) According to the information provided by the Company, the expended construction cost as at 31 March 2010 was RMB520,000,000. The estimated total construction cost was RMB2,181,000,000. In the course of our valuation, we have included such costs.
- (6) The capital value when completed of the property as at 31 March 2010 was approximately RMB4,323,000,000.
- (7) According to Business Licence No. 110000003593238, 北京麟聯置業有限公司 was established on 1 February 2007 as a limited company with a registered capital of RMB400,000,000 for an operating period from 1 February 2007 to 31 January 2027.
- (8) According to the Company, the Group holds a 50% attributable interest in the property.
- (9) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
- (i) The Group has obtained the Land Use Rights Certificate.
- (ii) The Group is in possession of a proper legal title to the property and is entitled to occupy, use, lease, transfer, mortgage and dispose of the property together with the residual term of its land use rights according to the PRC law.
- (iii) As far as the PRC legal adviser is aware of, the property is free from and clear of encumbrance.
- (10) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:-

Land Use Rights Certificate	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Works	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group VIII — Property interest contracted to be acquired by the Group in the PRC

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
89. A site at Dazhongli, Nanjing Road West, Jingan District, Shanghai, the PRC	<p>The property comprises a piece of land with a site area of approximately 62,810.40 sq.m. (Please see Note (5) below).</p> <p>The property is planned to be developed into a composite development comprising a shopping mall, 2 office towers, 3 hotels (altogether to provide 458 guest rooms) and 1,490 car parking spaces.</p>	As at the date of valuation, the property was a site with resettlement and site clearance in progress.	No commercial value (Please see Note (2) below)

The whole development is scheduled to be completed in 2015.

According to the information provided by the Company, the breakdown of the gross floor area of the property is as follows:

Uses	Approximate Gross Floor Area (sq.m.)
Retail (aboveground)	67,226
Office	176,274
Hotel	17,200
Boutique Hotels	<u>30,500</u>
Sub-total	<u>291,200</u>
Retail (underground)	31,503
Carpark (underground)	<u>108,770</u>
Sub-total	<u>140,273</u>
Total :	<u>431,473</u>

The land use rights of portion of the property with a site area of 7,788 sq.m. have been granted for a term from 31 December 2002 to 30 December 2052 for commercial and office uses.

The land use rights of portion of the property with a site area of 31,522 sq.m. have been granted for a term from 29 November 2002 to 28 November 2072 for residential use.

The land use rights of the remaining portion of the property have been contracted to be granted for terms of 40 years commercial use and 50 years for office use, both commencing on 30 December 2009.

Notes :-

- (1) No commercial value has been assigned to the property because the Shanghai Certificate of Real Estate Ownership of the whole property has not yet been obtained.
- (2) However, on the assumption that all Shanghai Certificates of Real Estate Ownership had been obtained, and all land premium and resettlement compensation and other costs necessary for immediate redevelopment had been fully paid, the capital value of the property as a vacant cleared site, subject to further assumptions stated in Note (8) below as at 31 March 2010 would be RMB9,913,000,000 (50% interest attributable to the Group: RMB4,956,500,000).
- (3) According to Shanghai Certificate of Real Estate Ownership Hu Fang Di Jing Zi (2009) No.001040 issued by Shanghai Housing and Land Resources Administration Bureau, the land use rights of portion of the land with a site area of 7,788 sq.m. are vested in 沛豐(上海)房地產發展有限公司 (Pei Feng (Shanghai) Real Estate Development Company Limited), a jointly controlled company, for a term from 31 December 2002 to 30 December 2052 for commercial and office uses.

According to Shanghai Certificate of Real Estate Ownership Hu Fang Di Jing Zi (2009) No.001041 issued by Shanghai Housing and Land Resources Administration Bureau, the land use rights of portion of the land with a site area of 31,522 sq.m. are vested in 盈豐(上海)房地產發展有限公司 (Ying Feng (Shanghai) Real Estate Development Company Limited), a jointly controlled company, for a term from 29 November 2002 to 28 November 2072 for residential use.

- (4) The salient points of Shanghai Grant Contract for State-owned Land Use Rights Hu Fang Di Zi Jing (2002) Grant Contract No. 075 entered into between Shanghai Jingan District Real Estate and Land Administration Bureau (the Grantor) and 衡創有限公司 (Perfect Landmark Limited) (the Grantee), a jointly controlled company, on 29 November 2002 as amended by its Supplement Hu Jing Fang Di (2005) Supplement Grant Contract No. 19 entered into between Shanghai Jingan District Real Estate and Land Administration Bureau (the Grantor) and 冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited) (the new Grantee), a jointly controlled company, on 30 December 2005 are summarized below: -

- | | | | |
|-------|---------------|---|---|
| (i) | Location | : | Shanghai Jingan District Lot Nos. 46 and 40 Dazhongli North Portion (the "North Portion") |
| (ii) | Site Area | : | 23,513 sq.m. |
| (iii) | Use | : | Commercial / Office |
| (iv) | Land Premium | : | Nil (According to the stipulation of Hu Jian Cheng No. (2001) 0068) |
| (v) | Land Use Term | : | 50 years |

The salient points of Shanghai Grant Contract for State-owned Land Use Rights Hu Fang Di Zi Jing (2002) Grant Contract No. 076 entered into between Shanghai Jingan District Real Estate and Land Administration Bureau (the Grantor) and 興洋投資有限公司 (Solar High-tech Company Limited) (the Grantee), a jointly controlled company, on 29 November 2002 as amended by its Supplement Hu Jing Fang Di (2005) Supplement Grant Contract No. 18 entered into between Shanghai Jingan District Real Estate and Land Administration Bureau (the Grantor) and 盈豐(上海)房地產發展有限公司 (Ying Feng (Shanghai) Real Estate Development Company Limited) (the new Grantee) on 30 December 2005 are summarized below: -

- | | | | |
|-------|---------------|---|---|
| (i) | Location | : | Shanghai Jingan District Lot No. 40 Dazhongli South Portion (the "South Portion") |
| (ii) | Site Area | : | 31,522 sq.m. |
| (iii) | Use | : | Residential |
| (iv) | Land Premium | : | Nil (According to the stipulation of Hu Jian Cheng No. (2001) 0068) |
| (v) | Land Use Term | : | 70 years |

The salient points of Shanghai Grant Contract for State-owned Land Use Rights Hu Fang Di Zi Jing (2002) Grant Contract No. 096 entered into between Shanghai Jingan District Real Estate and Land Administration Bureau (the Grantor) and 贊利有限公司 (Jumbo Profits Limited), a jointly controlled company, (the Grantee) on 31 December 2002 as amended by its Supplement Hu Jing Fang Di (2005) Supplement Grant Contract No. 20 entered into between Shanghai Jingan District Real Estate and Land Administration Bureau (the Grantor) and 沛豐(上海)房地產發展有限公司 (Pei Feng (Shanghai) Real Estate Development Company Limited) (the new Grantee) on 30 December 2005 are summarized below: -

- (i) Location : Shanghai Jingan District Lot No. 40 South-east Corner (the “South-east Corner”)
 - (ii) Site Area : 7,788 sq.m.
 - (iii) Use : Commercial / office
 - (iv) Land Premium : Nil (According to the stipulation of Hu Jian Cheng No. (2001) 0068)
 - (v) Land Use Term : 50 years
- (5) The salient points of the Supplement Shanghai Grant Contract for State-owned Land Use Rights Hu Jing Tu (2009) Supplement Grant Contract No. 5 entered into between Shanghai Jingan District Real Estate and Land Administration Bureau (the “Grantor”), 冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited) (the “Grantee A”), 盈豐(上海)房地產發展有限公司 (Ying Feng (Shanghai) Real Estate Development Company Limited) (the “Grantee B”) and 沛豐(上海)房地產發展有限公司 (Pei Feng (Shanghai) Real Estate Development Company Limited) (the “Grantee C”) on 16 June 2009, in relation to the Shanghai Grant Contract for State-owned Land Use Rights and its supplements as mentioned in Note (3) above are summarized below:-
- (i) The Grantor has agreed to combine the North Portion, South Portion and South-east Corner into one piece of land (the “Combined Land”). The site area of the Combined Land is 62,810.40 sq.m. The investment ratios of the Combined Land of the Grantee A, the Grantee B and the Grantee C are 55.3% and 38.1% and 6.6% respectively.
 - (ii) The Grantor has agreed to change the land use of the South Portion from “Residential” to “Commercial, Office”. The land use rights of the Combined Land are granted for terms of 40 years for commercial use and 50 years for office use, both commencing on 30 December 2009.
 - (iii) The permitted total gross floor area is 486,740 sq.m., in which the total above ground gross floor area is 291,200 sq.m. and underground gross floor area is 195,540 sq.m. (in which 31,503 sq.m. for commercial).
 - (iv) The grantees should commence the construction before 31 January 2010 and complete the construction before 31 March 2018.
- (6) According to Construction Land Planning Permit No.(2009)EA31010620091017, the planning of the property with a total site area of 62,810.4sq.m. is in compliance with urban planning requirement.
- (7) According to the Company, the Group holds a 50% attributable interest in the property.
- (8) We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser which contains, inter-alia, the following information:-
- (i) The Grant Contract of Land Use Rights and Construction Land Planning Permit are valid, legal and enforceable under the PRC laws.
 - (ii) There is no material legal impediment for the Group to obtain the Certificate of Real Estate Ownership of the remaining portion of the property when the Group has fulfilled the obligations under the Grant Contract of Land Use Rights, which include payment of the land use fee, land premium and the costs prescribed in the demolition and resettlement contract entered into between the PRC subsidiaries of the Group and the Jing’an District Government of Shanghai Municipality.

- (9) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:-

Shanghai Certificate of Real Estate Ownership	Yes (Portion of the land)
Shanghai Grant Contract for State-owned Land Use Rights	Yes
Construction Land Planning Permit	Yes
Red-line Drawing	Yes

VALUATION CERTIFICATE

Group IX — Property interest held by the Group for resettlement purpose in the PRC

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
90. 115 residential units and 1 commercial unit in Shanghai, the PRC	<p>The property comprises 115 residential units and 1 commercial unit in Shanghai. The units were completed in between 1979 and 2008.</p> <p>The residential units and commercial units of property have a total gross floor area of 8,286.69 sq.m. and 39.73 sq.m. respectively.</p> <p>The land use rights of the property have been granted for varies term of 70 years for residential use and 40 years for commercial use.</p> <p>Please see Note 1 below for property details.</p>	As at the date of valuation, the property was vacant.	<p>RMB67,970,000</p> <p>(50% interest attributable to the Group: RMB33,985,000)</p> <p>(representing value for those units with title certificates)</p> <p>(Please see details in Note 2 below)</p>

Notes:-

- (1) The property comprises 115 residential units and 1 commercial unit in Shanghai. 55 units of 3,681.02 sq.m. have title certificates and 61 units of 4,645.40 sq.m. do not have title certificates. The details are shown as follows:-

<u>No.</u>	<u>Property</u>	<u>Title Certificate No.</u>	<u>Owner</u>	<u>Use</u>	<u>Gross Floor Area (sq.m.)</u>	<u>Land Use Term</u>
1	Unit 203 of Block No. 14, Lane 99, Shuiquan Road, Shanghai, the PRC	2009015916	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	113.47	70 years from 28 June 2004 to 27 June 2074
2	10 residential units, Block No.6, Lane 518, Xinfeng Road, Shanghai, the PRC	2010000424, 2010000425, 2010000427, 2010000428, 2010000430, 2010000432, 2010000469, 2009003585, 2009003586, 2009003593	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	662.54	70 years from 12 March 2002 to 11 March 2072
3	Unit 203, Block Nos. 28 and 37, Land 2655, Tongchuan Road, Shanghai, the PRC	2008016101	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	125.41	70 years

APPENDIX IV
PROPERTY VALUATION

No.	Property	Title Certificate No.	Owner	Use	Gross Floor Area (sq.m.)	Land Use Term
4	Units 602 and 601, Block Nos. 31 and 32, Land 388, Pulian Road, Shanghai, the PRC	Title certificate has not been obtained yet.	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	139.61	70 years
5	Unit 604, Block No. 7 and Unit 604, Block No. 8, Zone 7 and 8, Land 3118, Yindu Road, Shanghai, the PRC	2009076127, 2009076123	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	121.47	70 years
6	Unit 601, Block No. 15, Lane 620, Kunyang Road, Shanghai, the PRC	2009039527	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	39.21	70 years
7	Unit 505, Block No. 36, Lane 401, Bijiang Road, Shanghai, the PRC	2009076184	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	42.25	70 years
8	Unit 604, Block No. 13 and Unit 602 Block No. 56, Land 402, Bijiang Road, Shanghai, the PRC	2009076177, 2009076120	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	96.54	70 years
9	Unit 604, Block No.150, Lane 501, Bijiang Road, Shanghai, the PRC	2009076128	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	42.45	70 years
10	Unit 605, Block No.14, Lane 135, Jinggu Road, Shanghai, the PRC	2009082650	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	43.06	70 years
11	Unit 603, Block No.4, Lane 1061, Fengqing Road, Shanghai, the PRC	2009075966	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	56.90	70 years

APPENDIX IV
PROPERTY VALUATION

No.	Property	Title Certificate No.	Owner	Use	Gross Floor Area (sq.m.)	Land Use Term
12	Unit 504, Block No. 69, Lane 558, Jiangchuan Road, Shanghai, the PRC	2009075975	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	49.08	70 years
13	Units 504 and 604, Block No. 143, Zhenbei Road, Shanghai, the PRC	2009022749, 2009022770	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	92.72	70 years
14	Unit 502, Block No. 65, Lane 3717, Hutai Road, Shanghai, the PRC	2009058729	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	51.74	70 years
15	Units 3001, 3106, 3401 and 3404, Block No.8, Lane 2999, Gonghe Xin Road, Shanghai, the PRC	2008011804, 2008011806, 2008011790, 2008011805	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	494.82	70 years from 18 March 2003 to 17 March 2073
16	9 residential units, Blocks 62, 81, 82 and 83, Lane 128, Fulian Road, Shanghai, the PRC	2009031983, 2009031988, 2009031993, 2009031995, 2009031998, 2009032000, 2003032002, 2009032006, 2009032005	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	363.55	70 years expiring on 18 May 2074
17	Unit 501, Block No. 13, Lane 1876, Hongshen Road, Shanghai, the PRC	2009039734	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	47.77	70 years
18	Unit 602, Block No. 65, Lane 128, Fulian Road, Shanghai, the PRC	2009058728	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	57.42	70 years

APPENDIX IV

PROPERTY VALUATION

No.	Property	Title Certificate No.	Owner	Use	Gross Floor Area (sq.m.)	Land Use Term
19	Unit 601, Block No. 76, Lane 999, Linxia Road, Shanghai, the PRC	2009016514	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	57.33	70 years from 6 June 2003 to 5 June 2073
20	Units 501 and 605 of Block No. 16, Loujin Road, Shanghai, the PRC	2009038639, 2009038903	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	135.22	70 years
21	Unit 603, Block No. 15, Lane 128, Fengjiang Road, Shanghai, the PRC	2009020170	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	66.45	70 years
22	Unit 604, Block No. 39, Lane 100, Qujiang Road, Shanghai, the PRC	2009020163	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	58.76	70 years
23	Unit 601, Block No. 18, Lane 201, Qujiang Road, Shanghai, the PRC	2009020410	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	72.30	70 years
24	Unit 101 of Block No. 9 and Unit 102 of Block No. 10, Lane 518, Lintan Road, Shanghai, the PRC	2009029027, 2009029567	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	178.06	70 years
25	Unit 102, Block No. 137, Lane 555, Huajiang Branch Road, Shanghai, the PRC	2009030841	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	86.68	70 years from 18 December 1992 to 17 December 2062
26	Unit 502, Block No. 28, Lane 188, Fengjiang Road, Shanghai, the PRC	2009032368	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	76.48	70 years

APPENDIX IV
PROPERTY VALUATION

No.	Property	Title Certificate No.	Owner	Use	Gross Floor Area (sq.m.)	Land Use Term
27	Unit 402, Block No. 26, Lane 95, Jufengyuan Road, Shanghai, the PRC	Title certificate has not been obtained yet.	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	133.70	70 years
28	Unit 3605 of Block No. 9 and Unit 502 of Block No. 7, Jing An Si Ji Yuan, Lane 333, Shimen Yi Road, Shanghai, the PRC	2008003545, 2008004789	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	304.71	70 years from 19 July 2001 to 18 July 2071
29	A shop at Beijing Xi Road, Shanghai, the PRC	2008001584	盈豐(上海)房地產發展有限公司 (Ying Feng (Shanghai) Real Estate Development Company Limited)	Commercial	39.73	40 years
30	Unit 301, Block No. 80, Lane 999, Linxia Road, Shanghai, the PRC	2010006573	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	72.12	70 years from 6 June 2003 to 5 June 2073
31	Units 1201, 1807 and 1907, Block No. 6, Lane 518, Xinfeng Road, Shanghai, the PRC	Title certificate has not been obtained yet.	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	307.84	70 years
32	Units 402, 501, 1102 of Block No. 14, Unit 301 of Block No. 15 and Unit 23E of Block No. 6, Lane 538, Haifang Road, Shanghai, the PRC	Title certificate has not been obtained yet.	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	477.20	70 years
33	Units 201 and 302, Block No. 18, Hua Cao Xin Cun, Shanghai, the PRC	Title certificate has not been obtained yet.	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	114.24	70 years

No.	Property	Title Certificate No.	Owner	Use	Gross Floor Area (sq.m.)	Land Use Term
34	Unit 103, Block No. 67, Lane 3151, Yindu Road, Shanghai, the PRC	Title certificate has not been obtained yet.	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	56.84	70 years
35	Unit 602, Block No. 1, Lane 621, Jingyuan Road, Shanghai, the PRC	Title certificate has not been obtained yet.	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	67.11	70 years
36	Unit 504, Block No. 17, Lane 188, Fengjiang Road, Shanghai, the PRC	Title certificate has not been obtained yet.	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	63.20	70 years
37	Unit 302, Block No. 1, Lane 308, Yanping Road, Shanghai, the PRC	201000797	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	32.78	70 years
38	45 residential units, Lu De Xin Jiang Qiao Cheng, Shanghai, the PRC	Title certificate has not been obtained yet.	冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited)	Residential	3,285.66	70 years

- (2) In the course of our valuation, we have ascribed no commercial value to property nos. 4, 31-36 and 38 (61 units of 4,645.40 sq.m.) as the Real Estate Ownership Certificates had not been obtained. Had the valid Real Estate Ownership Certificates been issued to the Group, the capital value of property nos. 4, 31-36 and 38 as at 31 March 2010 of valuation would be RMB52,680,000 (50% interest attributable to the Group: RMB26,340,000).
- (3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
- (i) For property nos. 1-3, 5-30 and 37 (a total of 54 residential units and 1 commercial unit of total gross floor area 3,681.02 sq.m.), 冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited) / 盈豐(上海)房地產發展有限公司 (Ying Feng (Shanghai) Real Estate Development Company Limited) has legally obtained the land use rights and the building ownership rights of the property; and
- (ii) 冠豐(上海)房地產發展有限公司 (Guan Feng (Shanghai) Real Estate Development Company Limited) / 盈豐(上海)房地產發展有限公司 (Ying Feng (Shanghai) Real Estate Development Company Limited) is in possession of a proper legal title to the property and is entitled to legally occupy, use, lease, transfer, mortgage and dispose of the property without further approval, permission or agreement from any government departments or organisations.

- (4) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:-

Real Estate Ownership Certificate

Yes (for property nos. 1-3, 5-30 and 37 only)

VALUATION CERTIFICATE

Group X — Property interest held by the Group for investment in the United States

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
91. Mandarin Oriental Hotel, Miami, 500 Brickell Key Drive, Miami, Florida 33131, the United States	<p>The property comprises a 22-storey hotel building and a 6-storey office car parking building providing 600 parking spaces completed in about 2000 with major renovation works carried out in 2009 and continuing through July 2010.</p> <p>The property is erected on a site with an area of 120,233 sq.ft. (11,169.92 sq.m.). The hotel building has a total gross floor area of approximately 345,000 sq.ft. (32,051.28 sq.m.) providing a total of 326 guest rooms, food and beverage facilities, spa fitness facilities and function rooms. The 6-storey building contains office space and parking facilities.</p> <p>The property is held under a fee simple ownership.</p>	The property is currently operated under a management agreement with Mandarin Oriental Hotel Group.	<p>US\$103,500,000</p> <p>(75% interest attributable to the Group: US\$77,625,000)</p>

Notes :-

- (1) The owner of the property is Swire Brickell Key Hotel, Ltd.
- (2) The property is zoned for high density mixed use, specifically including a hotel.

VALUATION CERTIFICATE

Group XI — Property interests held by the Group for sale in the United States

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
92. The unsold stock of Asia, 900 Brickell Key Drive, Miami, Florida 33131, the United States	<p>The property comprises 43 unsold condominium units of a 36-storey condominium building completed in about 2008.</p> <p>The property has a total building area of 98,381 sq.ft. (9,139.82 sq.m.).</p> <p>The property is held under a fee simple ownership.</p>	<p>11 units of 23,141 sq.ft. are currently let at a total monthly rent of US\$50,800.</p> <p>The remaining units are currently vacant.</p>	US\$49,600,000

Notes:

- (1) The owner of the property is Swire Pacific Holdings Inc.
- (2) The property is zoned for high density mixed use, including residential condominiums.

VALUATION CERTIFICATE

Group XI — Property interests held by the Group for sale in the United States

<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
93. River Court, 300 SW 2nd Street, Fort Lauderdale, Broward County, Florida 33312, the United States	<p>The property comprises a 2-storey commercial building completed in about 1966.</p> <p>The property is erected on a site with an area of 21,750 sq.ft. (2,020.62 sq.m.). It has a total building area of 12,586 sq.ft. (1,169.27 sq.m.) providing office and retail spaces.</p> <p>The property is held under a fee simple ownership.</p>	<p>The property is currently leased at an occupancy rate of about 84% at a total annual rent of US\$238,128.</p>	US\$2,300,000

Notes :

- (1) The owner of the property is East Lauderdale Properties LLC.
- (2) The property is zoned in the historic preservation district.
- (3) The property is designated as a historical building.
- (4) The property is held in a partnership with 100% of the capital and 75% of defined profits attributable to the Group.

VALUATION CERTIFICATE

Group XII — Property interests held by the Group for future development in the United States

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
94.	Fort Lauderdale Site, 200-300-500 W Broward Blvd, Fort Lauderdale, Broward County, Florida 33301 and 33312, the United States	The property consists of 3 land parcels with a total area of 182,191 sq.ft. (16,925.96 sq.m.). The property is held under a fee simple ownership.	The property is currently improved with parking areas and a small bank building pending future development.	US\$9,290,000

Notes :

- (1) The owner of the property is FTL/AD Ltd., a Florida limited partnership.
- (2) The property is zoned in the Downtown Regional Activity Center-Transitional Mixed Use zoning district and the Western Mixed Use sub-district.
- (3) The property is held in a partnership with 100% of the capital and 75% of defined profits attributable to the Group.

VALUATION CERTIFICATE

Group XII — Property interests held by the Group for future development in the United States

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
95.	Mandarin Residences Site, Southern Point of Brickell Key, Miami, Florida 33131, the United States	The property comprises a site with an area of 105,372 sq.ft. (9,789.30 sq.m.). The property is held under a fee simple ownership.	The property is currently a vacant site improved as a park pending future development.	US\$22,100,000

Notes :

- (1) The owner of the property is Swire Jadeco LLC.
- (2) The property is zoned for high density mixed use.

VALUATION CERTIFICATE

Group XII — Property interests held by the Group for future development in the United States

	<u>Property interest</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 March 2010</u>
96.	Brickell Citicentre Site, 700 and 701 South Miami Avenue, Miami, Florida 33130, the United States	The property comprises two land parcels with a total area of 246,573 sq.ft. (22,907.19 sq.m.). The property is held under a fee simple ownership.	The property is currently a vacant site pending future development.	US\$41,900,000

Notes :

- (1) The owners of the property are Brickell CitiCentre East LLC and Brickell CitiCentre West LLC.
- (2) The property is zoned for mixed use development (residential, hotel, office, retail) pursuant to a special permit.

VALUATION CERTIFICATE

Group XIII — Property interests leased to the Group in Hong Kong

<u>Property interest</u>	<u>Description and tenancy particulars</u>	<u>Capital value in existing state as at 31 March 2010</u>
97. 16 leased/licensed properties in Hong Kong	<p>The properties comprise 16 various house, residential unit, agricultural lots, operational and ancillary facilities with a total floor area of approximately 2,300 sq.ft. (213.68 sq.m.) and a total site area of approximately 203,678 sq.ft. (18,918.41 sq.m.) currently leased/licensed to and occupied by the Group for residential and operational uses respectively.</p> <p>The properties are subject to 16 tenancies/licences for various terms of 1 year to 37 years with the latest expiry date in June 2047 at a total monthly rent of approximately HK\$170,050.</p>	No commercial value

Group XIV — Property interests leased to the Group in the PRC

<u>Property interest</u>	<u>Description and tenancy particulars</u>	<u>Capital value in existing state as at 31 March 2010</u>
98. 30 leased properties in Beijing	<p>The properties comprise 27 various residential units and 3 office units with a total floor area of approximately 8,437.27 sq.m. which are currently leased and occupied by the Group for residential and office uses respectively.</p> <p>The properties are subject to 30 tenancy agreements for various terms of 1 to 3 years with the latest expiry date in August 2012 at a total monthly rent of approximately RMB1,087,724.09.</p>	No commercial value
99. 3 leased properties in Chengdu	<p>The properties comprise a serviced apartment, a residential unit and an office unit with a total floor area of approximately 629.17 sq.m. which are currently leased and occupied by the Group for residential and office uses respectively.</p> <p>The property is subject to 3 tenancy agreements for terms of 1 to 2 years with the latest expiry in August 2011 at a total monthly rent of approximately RMB108,016.</p>	No commercial value
100. 17 leased properties in Guangzhou	<p>The properties comprise 16 various residential units with a total floor area of approximately 2,029.66 sq.m. and a piece of land with a site area of 4,000 sq.m. which are currently leased and occupied by the Group for residential and other uses.</p> <p>The properties are subject to 17 tenancy agreements for various terms of 1 to 4 years with the latest expiry date in December 2012 at a total monthly rent of approximately RMB297,982.</p>	No commercial value

VALUATION CERTIFICATE

<u>Property interest</u>	<u>Description and tenancy particulars</u>	<u>Capital value in existing state as at 31 March 2010</u>
101. 18 leased properties in Shanghai	<p>The properties comprise 11 various residential units and 7 various office units with a total floor area of approximately 3,497.62 sq.m. which are currently leased and occupied by the Group for residential and office uses respectively.</p> <p>The properties are subject to 18 tenancy agreements for various terms of 1 to 3 years with the latest expiry date in August 2011 at a total monthly rent of approximately RMB632,595.</p>	No commercial value

Group XV — Property interests leased to the Group in the United States

<u>Property interest</u>	<u>Description and tenancy particulars</u>	<u>Capital value in existing state as at 31 March 2010</u>
102. 2 leased properties in the United States	<p>The properties comprise 2 office units with a total floor area of approximately 11,276 sq.ft. which are currently leased and occupied by the Group for office use.</p> <p>The properties are subject to 2 tenancy agreements each for a term of 5 years with the latest expiry date in February 2014 at a total monthly rent of approximately US\$40,451.</p>	No commercial value

Group XVI — Property interests leased to the Group in Vietnam

<u>Property interest</u>	<u>Description and tenancy particulars</u>	<u>Capital value in existing state as at 31 March 2010</u>
103. 3 leased properties in Vietnam	<p>The properties comprise 2 residential units and an office unit with a total floor area of approximately 570 sq.m. which are currently leased and occupied by the Group for residential use and office use respectively.</p> <p>The properties are subject to 3 tenancy agreements for various terms of 2 years to 3 years with the latest expiry date in March 2012 at a total monthly rent of approximately US\$11,507.</p>	No commercial value

Group XVII — Property interests leased to the Group in the United Kingdom

<u>Property interest</u>	<u>Description and tenancy particulars</u>	<u>Capital value in existing state as at 31 March 2010</u>
104. 2 leased/licenced properties in the United Kingdom	<p>The properties comprise 2 office units with a total floor area of approximately 239.41 sq.m. which are currently leased / licenced and occupied by the Group for office use.</p> <p>The properties are subject to 2 tenancy / licence agreements for terms of 2 years to 5 years with the latest expiry date in June 2014 at a total monthly rent of approximately £5,963.75.</p>	No commercial value

The following is the text of a letter and summary of valuations prepared for the purpose of incorporation in this prospectus received from Christie + Co, an independent property valuer in connection with certain property interests of the Group in the United Kingdom as at 31st March 2010. A copy of the valuation report relating to such property interests of the Group is made available for public inspection.

B. PROPERTY VALUATION BY CHRISTIE + CO

39 Victoria Street
London SW1H 0EU
United Kingdom

Swire Properties Limited
35th Floor
Two Pacific Place
88 Queensway
Hong Kong

3rd May 2010

Dear Sirs,

1.0 INSTRUCTIONS

In accordance with your instructions, we have undertaken various valuations (hereinafter referred to as the “Valuations” and each a “Valuation”) of the freehold and leasehold interests in 4 (four) hotels (the “Properties”) and the freehold interest in a residential ancillary property (the “Ancillary Property”) all located in England, owned and operated by Golden Tent Limited and New Light Hotels Limited (the “Companies” and each a “Company”), wholly-owned subsidiary companies of Swire Properties Limited (“Swire”) as at 31 March 2010. We list the Properties and the Ancillary Property as follows:

Freehold Properties

Avon Gorge Hotel, Sion Hill, Clifton, Bristol BS8 4LD (the “Bristol Property”)
Hotel Kandinsky, Bayshill Road, Cheltenham GL50 3AS (the “Cheltenham Property”)
Hotel Barcelona, Magdalen Street, Exeter EX2 4HY (the “Exeter Property”)

Leasehold Property

Seattle Hotel, Brighton Marina, Brighton BN2 5WA (the “Brighton Property”)

Ancillary Property

10 Caledonia Place, Clifton, Bristol BS8 4DH

Brief summaries (the “Summaries” and each a “Summary”) of the Properties and the Ancillary Property are included in the Appendix attaching to this valuation report (the “Valuation Report”). We have ascribed Market Values, refer Basis of the Valuations sub-points 2.0 and 5.1, to the Properties as fully operational individual trading entities as at 31 March 2010 in their condition at that date. We have also ascribed a Market Value to the Ancillary Property. The Market Values have been given in Pounds Sterling. The Properties have been valued as individual trading entities, not part of a group or portfolio.

The Valuation Report is prepared for the initial public offering of Swire on the Stock Exchange of Hong Kong and is to be included in the prospectus of Swire. The Valuation Report has been prepared in accordance with the Valuation Standards 6th Edition (the “Red Book”) issued by the Royal Institution of Chartered Surveyors and complies with the relevant requirements under the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the “Exchange Listing Rules”), with particular reference to Chapter 5. The General and Special Terms and Assumptions of the Valuations are set out under sub-points 4.0 and 5.0.

The Properties and Ancillary Property were inspected between 30 December 2009 and 6 January 2010 by independent valuers qualified in accordance with Practice Statement 1 of the Red Book and the Exchange Listing Rules. The Valuation Report has been prepared under the supervision of C J Day MRICS, Managing Director, by I A Martin MA, Director and R Petar MA MRICS, Associate Director, all of Christie + Co and who have experience of valuing similar properties and businesses.

2.0 BASIS OF THE VALUATIONS — MARKET VALUE

We have ascribed Market Values to the Properties and the Ancillary Property. Market Value is defined in Practice Statement 3.2 of the Red Book as follows:

“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

The Market Values ascribed assume an orderly marketing programme over a period of 12 (twelve) months of individual disposals, not a sale of all the Properties at one time. Commensurate with this assumption we have valued the Properties assuming efficient marketing and management systems are in operation.

We draw your attention to sub-point 5.1, the Special Assumption made in respect of the Cheltenham and Exeter Properties.

3.0 VALUATION METHODOLOGY

In the hotel property market there are three recognised methods of valuation: the market or comparative approach, income capitalisation and discounted cash flow. We have used these methods of valuation as appropriate for the Properties and the Ancillary Property.

4.0 GENERAL TERMS AND ASSUMPTIONS OF THE VALUATIONS

4.1 Trade Furnishings, Fixtures, Fittings, Plant Equipment

Properties of the type valued normally change hands in the open market as fully equipped operational business units. The Valuations therefore includes all plant, machinery, furnishings, fixtures, fittings and moveable items as these are usually included in a sale(s). We were advised by the Company that all plant, machinery, furnishings, fixtures, fittings and moveable items are or will be owned outright, save for some minor items, and the Valuations are based on this understanding. Additionally, no additional allowance has been made for individual items of furniture, fine art or articles with antique or rarity values. We have assumed that the plant and machinery are and will be in good working order.

4.2 Services

We were not instructed to arrange for any services or installations to be tested and therefore the Valuation Report does not express any opinion as to their adequacy or condition. We have valued on the basis that the services and installations comply and will comply with all statutory requirements, as advised to us by the Company, are and will be adequate for the businesses being undertaken and are and will be in good working order.

4.3 Structural Condition

We were not instructed to carry out structural surveys of the Properties and the Ancillary Property and therefore in preparing the Valuations we have assumed the Properties and the Ancillary Property to be and will be of sound design and construction, free from any inherent defect or defects, as advised to us by the Company, refer sub-point 5.2. Furthermore, we did not inspect woodwork or other parts of the Properties and the Ancillary Property which were covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. The Valuations therefore do not express any opinion about or advise upon the condition of un-inspected parts, nor do the Valuations in any way constitute or could the Valuations be constructed as constituting any representation or warranty actual or implied regarding such parts.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement or concrete chloride additive or any asbestos containing material or any other deleterious or potentially deleterious material has been or will be used in the construction of the Properties and the Ancillary Property or has since been incorporated in the Properties and the Ancillary Property and we are therefore unable to report that the Properties and the Ancillary Property are free from risk in this respect. For the purpose of the Valuations we have assumed that such investigation would not disclose the presence of any such material in an adverse condition. However, should such material be discovered we have made no allowance for the costs of removal and any remedial works required.

In respect of the Cheltenham and Exeter Properties where refurbishment works are currently being undertaken we have assumed that the works will be completed in a workmanlike fashion in accordance with the plans supplied.

4.4 Site Investigations

We did not carry out or commission site investigations or geographical or geophysical surveys, and therefore give no opinion or assurance or guarantee that the ground have sufficient load bearing strength to support the Properties and the Ancillary Property, or any other constructions that are being and may be erected upon them in the future. We also do not give any opinion or assurance or guarantee that there are no underground mineral or other workings beneath the Properties and the Ancillary Property, or in their vicinity, or that there is not any fault or disability underground which could or might affect the Properties and the Ancillary Property or any construction thereon. We have not been provided with any information on any of the Properties and the Ancillary Property which historically have suffered from flooding, or lie in a flood plain, and the Valuations do not reflect any diminution in Market Values which might result from such circumstances.

4.5 Environmental Issues

We have not been supplied with any environmental audits or other environmental investigations or soil surveys which have been carried out on the Properties and the Ancillary Property and which draw attention to any contamination or the possibility of any such contamination which might adversely affect the Valuations. In undertaking the Valuations, we have assumed that no contaminated or potentially contaminative uses have ever been carried out on the Properties and the Ancillary Property. We have not carried out any investigations into the past or present uses either of the Properties and the Ancillary Property or any neighboring land to establish whether there is any potential for contamination from these uses or sites to the Properties and the Ancillary Property. However, should it be established subsequently that contamination exists at the Properties and the Ancillary Property or on any neighbouring land or that the Properties and the Ancillary Property have been or are being put to a contaminative use this might reduce the Valuations.

4.6 Statutory Requirements

We have made enquiries of the Companies and have therefore assumed that the Properties comply in all material respects with all statutory and other requirements including, but not limited to, environment, fire, licensing, planning, health and safety and have valued on this understanding.

We have assumed that all consents, licences and permissions have been or will be obtained, the Properties are and will be operated in accordance with these consents, licences and permissions, and that they will continue to hold them. We also assumed that they can be transferred to a suitable purchaser(s). We have assumed that there are no outstanding conditions or works required by the appropriate authorities and therefore there are no proposals likely to detrimentally affect the Properties.

We have valued the Properties on the basis of existing use, hotel and ancillary purposes, on the assumption that it is the lawful or permitted use, there are no onerous proposals affecting the Properties and the Valuations will be unaffected by matters which would be revealed by local authority searches except where revealed by the Reports on Title (the “Reports” and each a “Report”) prepared by Swire’s solicitors Messrs Mayer-Brown or we have otherwise been made aware of them. In respect of the Cheltenham Property and the Exeter Property we have assumed that the refurbishment works being undertaken are in accordance with the various planning permissions, listed building consents, building regulations granted and, in the case of the Cheltenham Property, the obligations on the Company under the Section 106 Agreement are fulfilled.

4.7 Tenure

The Properties and the Ancillary Property are or will all be owner occupied by the Companies. We have reviewed the Reports and, save as revealed by them, we note that there are no options or rights of pre-emption concerning or affecting the Properties. On the basis of the Reports we have assumed that the Properties and the Ancillary Property are free from any unusual or especially onerous restrictions, encumbrances or outgoings, and that good titles can be shown and that all covenants (including leasehold covenants), restrictions and stipulations affecting the Properties and the Ancillary Property have been strictly complied with, save for any matters not disclosed in the Reports. In respect of the Bristol Property the Report reveals that there is a lease (the "Lease") between the Companies, refer sub-point 5.3. Furthermore, we have assumed the areas and boundaries of the Properties and the Ancillary Property are correct as indicated to us on our inspections.

5.0 SPECIAL TERMS AND ASSUMPTIONS OF THE VALUATIONS

5.1 Basis of the Valuations

As noted on our inspections, the Cheltenham Property and the Exeter Property are currently subject to refurbishment works. Therefore in accordance with the Exchange Listing Rules (refer Chapter 5, Listing Rule 5.06 (3) (g)) we provide additional Market Values as at 31 March 2010 on the assumption that the works have been completed and the Cheltenham Property and the Exeter Property are ready to trade (i.e. "Turn Key" Valuations) and disclose the following:

5.5.1 The Cheltenham Property: we note from the Report that planning permission was granted on 5 March 2008 for the development of the Cheltenham Property in accordance with plans drawn by Make, architects of Birmingham, dated 3 December 2007, copies of which were supplied to us. In addition, the Report confirms that Listed Building Consent was obtained on 14 February 2008. The planning permission requires the development to be completed within 3 years of the date of the permission and there is a Section 106 Agreement attaching to the Listed Building Consent requiring (a) "...a Sustainable Transfer Contribution..." of GB£8,397 (indexed up to the date of payment) to be paid to the Gloucestershire County Council, (b) a "...Public Art Contribution..." of not less than £35,737 to be paid to the City Council or "...a work of public art..." of the same value, fully accessible to the public, is installed, (c) and if the latter is chosen then it is to be kept in good state of repair and maintenance visible to the public as "...they approach the hotel from Bayshill Road and/or Parabola Road..." and (d) to submit a "travel plan" to encourage guests and staff to use other means of transport than cars to access the Cheltenham Property. In addition, the report lists various conditions in the planning permission relating to materials, the Sedon green roof, electrical installations, landscaping and planting, basement parking, bicycle parking, access and the front entrance. At the time of our inspection works had commenced and the original Cheltenham Property had been stripped to shell condition and the crescent shaped extension built. At the date of inspection we were advised that some GB£5.3 million of construction costs had been incurred. Other than the use of the front forecourt as a vehicle/passenger drop-off point, not for parking, and the possible installation of a work of art, there are no conditions imposed for facilities or services for public use.

5.5.2 The Exeter Property: we note from the Report that planning permission and Listed Building consent were granted on the 13 October 1999 for change of use from hospital and education (Class C2) to the current use as hotel (Class C1) and various works. Various conditions attached to the permission, the majority of which are no longer material. The Report also notes planning permissions variously dated from 9 September 2003 to 24 March 2009 granting the development of

the Exeter Property in accordance with plans drawn by Feilden Clegg Bradley Studios LLP, architects based in Bath, dated May and October 2008 and September 2009, copies of which were supplied to us. However we have been advised that these plans were still subject to amendment. In addition, the Report confirms that Listed Building Consents are held. The permissions and consents are conditional on approval of materials to be used, landscaping, scheme of archaeological work, noise assessment and full details of the development being declared. However, we note that one of the permissions has lapsed being dated 9 September 2003. At the time of our inspection the Exeter Property had been closed and the site boarded but the works had not commenced.

5.2 Structural Condition: the Bristol Property

On our inspection of the Bristol Property we noted the presence of acro props in the vacant parts of the Property to prevent damage to the terrace. The Valuation of the Property makes no allowance for any necessary repairs.

5.3 Tenure: the Bristol Property

The Report reveals the Lease between the Companies. The freehold interest in the Property is owned by Golden Tent Limited who have granted the Lease to New Light Hotels Limited. The Lease is for a term of 10 years from 18 June 2008. The commencing rent was GB£840,000 per annum subject to annual reviews in line with the Retail Price Index. For the purpose of the Valuation of the Property we have assumed that the Lease is determined and the Bristol Property is sold unencumbered by the Lease with vacant possession.

5.4 Terrorism

A proportion of the Properties' trade is drawn from international business customers and tourists, such trade is particularly sensitive to world events. Should there be further terrorist attacks or threats or other unforeseen events, these could have a detrimental impact on the trading performance of the Properties and, therefore, their Market Values. We have made no allowance in the Valuations for the impact of such events.

5.5 Trading Conditions

In the U.K. we are currently experiencing an economic recession following the "melt down" in the banking and financial markets heralded by the crisis in the "sub prime" property markets in the USA in early 2007, culminating in the bankruptcy of Lehman Brothers in September 2008. The collapse of many household names in these markets precipitated wide ranging fiscal and monetary policies by European governments attempting to "kick start" activity, so far with limited success. As a result the Properties are facing the most challenging trading conditions in decades. Furthermore, the continuing absence of debt funding caused by the banking crisis has brought the U.K. hotel property market to a virtual standstill. What limited transactional evidence is available reveals lower multiples (or higher yields) on profits (or rents) than were applied prior to 2007. The combination of lower profits and multiples has translated into a hiatus in transactions and, where deals are negotiated, in the majority on instances assets are being sold at substantial discounts compared to previous prices paid. At the time of reporting it is difficult to perceive when an improvement will occur.

Guidance Note 5 of the Red Book refers to the Valuations being provided in the following context:

“Unforeseen macroeconomic or political crises can have a sudden and dramatic effect on markets. This could manifest itself by either panic buying or selling, or simply disinclination to trade until it is clear how prices in the market will be affected in the longer term. If the valuation date coincides with the immediate aftermath of such an event, the data on which any valuation is based may be confused, incomplete or inconsistent, with an inevitable effect on the certainty that can be attached to it”.

In our opinion the current turbulence in the financial markets represents such circumstances. We have, however, used valuer judgement to interpret the most recent available evidence and current market sentiment to arrive at the Valuations. We caution that in present circumstances the “shelf life” of the Valuations may be substantially reduced.

6.0 EXCLUSIONS

The Properties and the Ancillary Property have been valued in their existing use and therefore we have not taken into account any development value or value attaching to a higher alternative use. The Valuations do not take into consideration the values of stock in trade, motor vehicles, trade debtors or creditors, other assets or liabilities or contingent liabilities. We have not allowed for the costs of realising the Properties and the Ancillary Property on the open market including professional fees, possible tax liabilities, any premiums liable on the conversion of sterling into other currencies and redundancy or other compensation payments that could be incurred in the event of sales. We have valued the Properties and the Ancillary Property as being clear and free of all debentures, mortgages or other forms of secured lending and any other charges which may be secured thereon. Furthermore, we have not taken into consideration changes in legislation both general and specific to the U.K. property market, or the effect of wholly unforeseen and catastrophic events upon the U.K. hotel property market.

7.0 INFORMATION

We have relied upon the information and comments on the Properties together with the actual, budget and forecast trading accounts (the “Accounts”) provided to us by the Company. We have assumed that the Accounts are correct and complete and can be substantiated by independent audit. We stress that in the event of a future change in trading potential or actual levels of trade from that indicated by the Accounts and assumptions, the Valuations could also vary. We take no responsibility for any mis-statement, omission, or misrepresentation made to us. We have also had regard to the Reports.

8.0 THE VALUATIONS

We are of the opinion that the Market Values on the bases previously described of the freehold and leasehold interests in the Properties and the Ancillary Property, Summaries of which are provided in the Appendix, as at 31 March 2010 are as follows:

	<u>Market Value</u>
	GB£
Freehold Properties Owner-Occupied for the Purpose of the Business	
Avon Gorge Hotel, Sion Hill, Clifton, Bristol BS8 4LD	10,000,000
Hotel Kandinsky, Bayshill Road, Cheltenham GL50 3AS	8,200,000
Hotel Barcelona, Magdalen Street, Exeter EX2 4HY	5,000,000
Leasehold Property Owner-Occupied for the Purpose of the Business	
Seattle Hotel, Brighton Marina, Brighton BN2 5WA	1,000,000
Freehold Ancillary Property	
10 Caledonia Place, Clifton, Bristol BS8 4DH	900,000
On the Special Assumption that the Works are Complete	
Freehold Properties Owner-Occupied for the Purpose of the Business	
Hotel Kandinsky, Bayshill Road, Cheltenham GL50 3AS	15,400,000
Hotel Barcelona, Magdalen Street, Exeter EX2 4HY	15,500,000

9.0 CONFIDENTIALITY AND JURISDICTION

The Valuation Report and the Appendix attaching are for the sole and exclusive use of Swire. The Valuation Report and the Appendix are not to be published or reproduced in any way without our consent, save as required for inclusion in the prospectus. The Valuation Report and the Appendix are governed by English Law and any dispute thereon will be adjudicated upon only in the courts of England and Wales.

Yours sincerely

C J Day MRICS
Managing Director
 For and on behalf of
 Christie + Co

Appendix

Summaries of the Properties and the Ancillary Property

The Properties

Avon Gorge Hotel, Bristol
Hotel Kadinsky, Cheltenham
Hotel Barcelona, Exeter
Seattle Hotel, Brighton

The Ancillary Property

10 Caledonia Place, Bristol

FREEHOLD PROPERTIES OWNER-OCCUPIED FOR THE PURPOSE OF THE BUSINESS

Avon Gorge Hotel
Sion Hill
Clifton
Bristol BS8 4LD

Market Value
GB£10,000,000

Description

The Property is located in a unique location overlooking the Avon Gorge, spanned by Brunel's Grade I Listed suspension bridge, in Clifton which is a prime residential area of the city of Bristol (population c400,000). The Property was originally a spa built at the end of the 19th Century with the accommodation currently arranged over sub-basement, basement, ground floor and 4 upper floors. The facilities comprise: 75 guest rooms, Bridge Café (50 covers with a small rear terrace allowing a further 20 covers), White Lion Pub (with extensive rear terrace), 4 function/meeting rooms, reception, offices, kitchens (over basement and ground floor), service, store and staff areas, parking for approximately 20 vehicles, extensive vacant parts including an unused ballroom closed since the 1970s.

Tenure

The Property is freehold subject to the Lease between the Companies, granted by Golden Tent Limited (the "Landlord") to New Light Hotels Limited (the "Tenant").

Hotel Kandinsky
Bayshill Road
Cheltenham GL50 3AS

Market Value
GB£8,200,000

Market Value on the Special
Assumption Refurbishment
Works Are Complete
GB£15,400,000

Description

The Property is located in the centre of Cheltenham (population c110,000) occupying a prominent corner site. The core of the Property is a Grade II listed Regency building dating from 1847 when the town enjoyed success as a spa. There were subsequent extensions at the beginning of the 20th century, when a restaurant was added, and after the Second World War with the building of a block of guest rooms. The Property was closed in October 2008 to undertake a full refurbishment and build a crescent shaped extension to increase the room inventory at a total project cost of GB£12.5 million. We were advised by the Company that some GB£5.3 million of cost had been incurred at the date of the Valuation. When complete, which is anticipated to be by September 2010, the improved and larger facilities will comprise: 61 guest rooms and suites, a restaurant (120 covers by including a terrace and inner courtyard), a bar with 3 lounges adjoining, 3 function/meeting rooms (one of which is divisible into 2), spa with 4 treatment rooms, sauna, steam room and exercise gymnasium, reception, offices, kitchens, service, store and staff areas, surface parking for 7 cars and new underground spaces for 17. It is proposed to re-name the Property.

Tenure

The Property is freehold.

Hotel Barcelona
Magdalen Street
Exeter EX2 4HY

Market Value
GB£5,000,000

Market Value Special
Assumption Refurbishment
Works Are Complete
GB£15,500,000

Description

The Property is located in the centre of Exeter (population c122,400) occupying a prominent corner site within a few minutes' walk from the Cathedral Quarter of the city. Originally built in 1808 as an Eye Hospital and Grade II listed, the building was closed in 1992 and re-opened in 2001 after a refurbishment to converting it into an hotel with a steel framed extension to the rear. The Property was closed again in 2008 to undertake a full refurbishment and additions at a total cost of GB£10.5 million. We were advised by the Company that some GB£68,000 of cost had been incurred at the date of the Valuation, mainly on architects' and other fees. When complete, which is anticipated to be by July 2011, the improved facilities will comprise: 59 guest rooms, a restaurant (approximately 100 covers by including a terrace and inner courtyard), a bar with 2 lounges plus additional dining space to side, 2 function/meeting rooms, spa with pool, exercise gymnasium and 3 treatment rooms, reception, offices, kitchens, service, store and staff areas including changing rooms, surface parking for 16 cars. It is proposed to re-name the Property.

Tenure

The Property is freehold.

LEASEHOLD PROPERTY OWNER-OCCUPIED FOR THE PURPOSE OF THE BUSINESS

Seattle Hotel
Brighton Marina
Brighton BN2 5WA

Market Value
GB£1,000,000

Description

The Property is located on the sea front overlooking Brighton Marina, a short distance to the east of the city centre of Brighton (population c250,000). It was opened on 17 February 2003 and has a ground floor entrance with lift access to the remainder of the accommodation which is arranged on the second and third floors of the modern development. The facilities comprise: 71 guest rooms, Seattle Restaurant (82 covers extending into a conservatory and a terrace), Seattle Bar and Lounge, 4 function/meeting rooms, unused self contained restaurant with kitchens and service areas, reception, offices, kitchen, service, storage and staff areas, large open deck, parking in adjacent multi-storey car park.

Tenure

The Property is held under two co-terminus leases dated 19 November 2002 for a term of 35 years from 29 September 2002. One lease is for the main hotel (the "Hotel Lease") and the other is for the restaurant (the "Restaurant Lease") which is currently unused. The current rent passing on the Hotel Lease is £579,735.01 per annum and there are fixed increases every 5 years from 2012. We are advised that the rent passing on the Restaurant Lease is agreed at £137,000 per annum from September 2007 and there are reviews to Open Market Rent on 29 September 2012 and every 5 years. In addition there are Service Charges payable on the Hotel and Restaurant Leases, which are internal repairing only.

FREEHOLD ANCILLARY PROPERTY

10 Caledonia Place
Clifton
Bristol BS8 4DH

Market Value
GB£900,000

Description

The Ancillary Property is a mid-terrace Georgian building arranged over basement, ground and three upper parts and is used as accommodation for approximately 20 staff. The Ancillary Property comprises 16 bedrooms (8 double and 8 single rooms), of which only two rooms benefit from en-suite facilities, three bathrooms and small kitchen area. There is a small garden to the rear of the Property.

Tenure

The Property is freehold.

*In connection with the Global Offering, the Company engaged DTZ to conduct a detailed analysis of the property markets in Hong Kong, Beijing, Shanghai and Guangzhou. DTZ prepared a market research report dated 3rd May 2010 (the “**Market Research Report**”) for each of these cities for the purpose of incorporation in this prospectus, the text of which is set out below.*

The Company has included the Market Research Report in this prospectus because the Company believes such information would enable potential investors to understand the property markets in the cities where the Group’s principal business operations and properties are located. The Company was charged a total of HK\$650,000 for the services provided by DTZ.

For the purpose of the Global Offering, DTZ also served as the property valuer of our Hong Kong, PRC, Vietnam and U.S. property interests (other than Amalgamation Properties) and certain of our U.K. property interests. A property valuation report prepared by DTZ, which is delineated from the market research contained in the Market Research Report prepared by DTZ, and which relates to our Hong Kong, PRC, Vietnam and U.S. property interests (other than Amalgamation Properties) and certain of our U.K. property interests is included in Appendix IV to this prospectus.

You should note that certain information presented in the section headed “Industry and Regulatory Overview” in this prospectus may not be consistent with the information disclosed in the Market Research Report set out below due to different sources of information, time periods and definitions used by DTZ in preparing the Market Research Report.



16th Floor
Fortis Centre
1063 King's Road
Quarry Bay
Hong Kong

DTZ was commissioned by Swire Properties Limited to conduct a market research report for the purpose of inclusion in this offering prospectus. This market research report was prepared independently and all reasonable care was taken in the preparation of the report.

The Market Research Report was prepared based on economic and demographic data from the PRC and Hong Kong governments and the proprietary databases of DTZ. In the course of research, DTZ conducted many interviews with local developers, local marketing agents, and market observers in each market.

DTZ provided its services through two business functions which are independent from each other. The Market Research Report was prepared primarily by the designated market consulting teams of DTZ in Hong Kong and Mainland China. In the course of carrying out the research, no consultation was made with DTZ’s valuation department in Hong Kong or Mainland China and with the exception of DTZ’s market consulting team referred to above.

1.0 HONG KONG OVERVIEW

1.1 Macro-economic and Demographic Overview

Figure 1.1 Key Economic Indicators for Hong Kong

	2006	2007	2008	2009	2010F	2011F	2012F
Gross Domestic Product							
(GDP) Value							
(HKD Billion)	1,475.4	1,615.5	1,675.2	1,633.5	1,697.9	1,760.7	1,824.1
Nominal GDP Growth Rate							
(%)	6.7	9.5	3.8	(3.2)	4.6	3.7	3.6
Per Capita GDP (HKD)	215,158	233,248	240,075	233,239	239,343	246,131	252,891
Consumer Price Index							
(CPI, %)	2.0	2.0	4.3	0.5	2.0	2.5	2.6
Retail Sales Growth (%)	7.2	12.8	10.6	0.6	8.6	7.4	8.1
Tourist Arrival ('000 persons)							
	25,251	28,169	29,507	29,591	27,251	28,396	29,460

Source: HK Census and Statistics Department, Hong Kong University (HKU) & Economist Intelligence Unit (EIU)

Figure 1.2 Hong Kong Economic Indicators

Indicator	Period	Unit	Value	Year on Year (Y-o-Y)* change (%)
GDP at constant prices	Jul-Sept 2009	HK\$bn	412.5	-2.4
Total Exports	Nov 2009	HK\$bn	234.1	+1.3
Median Monthly Household Income	Jul-Sept 2009	HK\$	17,500	-5.4
Unemployment Rate (seasonally adjusted)	Sept-Nov 2009	%	5.1	—
Visitors Arrivals	Nov 2009	Million	2.61	+7.6
Composite CPI	Nov 2009	—	110.6	+0.5
Total Retail Sales Value	Nov 2009	HK\$bn	22.9	+11.7

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

* Refers to the year on year change of the stated period in the table.

As a free market economy which is highly integrated with the global business cycle, Hong Kong's economy slowed in 2009, with Gross Domestic Product (GDP) shrinking by 3.2% over the year, as the city felt the full weight of the global financial crisis. However, with the Mainland economy remaining strong, and a tentative recovery in Hong Kong's other major trading partners, there is an expectation of a return to strong economic growth in 2010, which will drive demand for office space.

In fact, in the final quarter of 2009 Hong Kong's economy was showing signs of a relatively strong recovery, in line with the trend across the Asian region. According to the preliminary figures issued by Hong Kong University, in the 4th Quarter (Q4) 2009 GDP growth had returned to growth, at an annualised rate of 0.8%, driven by growth in consumer spending of 3.7% and a stellar increase of 11% in fixed capital formation. Exports which had been a drag on growth since the global financial crisis also began to recover. Total exports fell only 0.8% for the quarter, compared to the double-digit declines experienced for five preceding consecutive quarters.

Visitor arrivals grew slightly in 2009 (up 0.3% for 2009 overall), with falls in long-haul European and U.S. markets offset by moderate growth in Mainland visitor numbers and stellar growth in visitors from emerging markets, especially India, Russia and the Middle East. This helped to put a floor under the hotel market which was impacted negatively by reduced business travel and convention business in 2009. Visitor numbers are rebounding as the economy recovers, with the December 2009 figures showing growth of 10% over December 2008.

Consumer spending gained further momentum as a result of the resurgence of equity and asset prices over the year, and the return to growth in the tourism market and the general economy. Total retail sales increased by 16.1% to HK\$29.4 billion, while growth in the final quarter of 2009 was 12.8%, in line with the return of economic growth.

For 2008, the most recent year in which data is available, Foreign Direct Investment (FDI) into Hong Kong was \$491.4 billion (US\$63 billion). Despite the impact of the global financial crisis, this represented an increase of 15.9% year on year (Y-o-Y). As an international financial and logistics centre, Hong Kong has an international population. At the 2006 population bi-census, some 7.1% of Hong Kong residents were not of Chinese nationality, while a further 1.3% held either a Peoples' Republic of China (PRC) or Republic of China (ROC) passport, to imply a total expatriate population of 8.4%.

Figure 1.3 Key Demographic Profiles for Hong Kong

	2006	2007	2008	2009	2010F	2011F	2012F
Per Capita Disposable							
Income (urban households, HKD/yr).....	102,000	103,020	107,100	108,974	109,200	114,000	117,880
Urban Population ('000).....	6,910	6,953	6,989	7,026	7,094	7,153	7,213

Source: HK Census and Statistics Department, Economist Intelligence Unit

Per Capita Disposable Income in the city is high by world standards, and has continued to grow, even during the downturn of 2009, although at the reduced rate of 1.7%. Per capita disposable income for the city now stands at HK\$108,974 (US\$13,971), substantially higher than that in the rest of China, and comparable to the level of developed countries around the world.

Every five to six years, the Hong Kong government conducts an extensive survey of household expenditure, from which per capita expenditure is extrapolated. At the last survey in 2004/2005, per capita expenditure was HK\$73,296 (US\$9,396), which represented 74% of per capita income, suggesting a relatively high savings rate of 26%.

As a mature economy, the structure of expenditure in Hong Kong has been relatively stable for the past two decades. Between 1999/2000 and 2004/2005 only the miscellaneous services item registered a change in expenditure weighting of greater than one percentage point (at 1.73%), while total per capita expenditure registered moderate growth of just 2.8% in real terms over the same period. While housing represents a relatively large proportion of expenditure, it is not at a level which would indicate substantial housing stress in the community.

2.0 CITY REPORT: HONG KONG

2.1 City's Characteristics and Overview of Real Estate Market

Hong Kong is a global financial centre, a significant logistics centre, and has been a major gateway to China for half a century, or more. As of 2009, the city remains the major financial and trading centre of the Greater China region, hosting over 1,200 regional corporate headquarters, or more than five times as many as Shanghai.

The traditional urban core districts are the densely populated areas surrounding Victoria Harbour. This includes the northern shore of Hong Kong Island, and the Kowloon Peninsula. The Central/Admiralty area is the hub of the financial services sector and the city's premium office district. De-centralised office districts include the CBD-fringe districts of Sheung Wan and Wanchai/Causeway Bay, as well as the Island East area (incorporating North Point and Quarry Bay). The southern tip of the Kowloon Peninsula (especially Tsim Sha Tsui) is also an important office precinct, while Kowloon East has more recently emerged as a Grade-A office location.

With Hong Kong's population spreading across Hong Kong Island (18.5%), Kowloon (29.4%) and the suburban and rural New Territories (52.1%), retail shopping malls are widely distributed across the City. With major tourist attractions and hotels more focussed in the urban core, there is however a predominance of high-end retail in Central and surrounding districts.

Similarly the bulk of the 4 and 5-star hotels are in and around the major office and tourism precincts, although in recent years there has been a small number of hotels focussed on the convention and group tour market that have opened in outlying areas, as well as near the airport.

Figure 2.1.1 Major Business Districts in Hong Kong



Source: DTZ Consulting, December 2009

Figure 2.1.2 Hong Kong Grade-A Office Market Statistics

Grade-A office market statistics

District	Total Stock (million sq.ft.)	Availability Ratio (%)	Monthly Rent (HKD/ sq.ft.)	Quarter on Quarter (Q-o-Q) (Q3/Q4 2009) change in rent (%)
Sheung Wan/Central/Admiralty.....	28.58	5.1	81	+1.3
Wanchai/Causeway Bay.....	15.79	7.4	30	0
Island East.....	10.47	5.0	25	+1.4
Tsim Sha Tsui.....	9.27	6.5	23	0
Kowloon East.....	11.35	21.4	19	0
Overall.....	75.46	8.2	44	+0.9

Source: DTZ Research

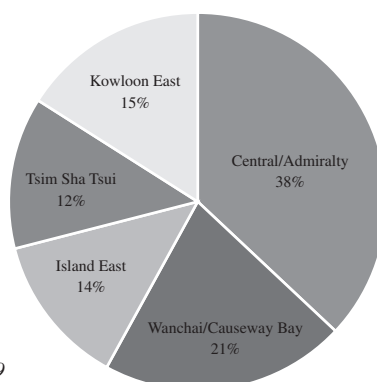
2.2 Grade-A office

2.2.1 Stock Distribution & Characteristics of Major Business District

Hong Kong had 75.5 million sq.ft. in Gross Floor Area (GFA) of Grade-A office space as at December 2009 with Central and Admiralty forming the core of Hong Kong's Grade-A office market, and is the preferred location for global banks, trading houses and major listed companies. Wanchai and Causeway Bay on the Central Business District (CBD) fringe have provided an alternative decentralized office location for cost-conscious tenants, as have Island East and Tsim Sha Tsui. With the construction of landmark premium office towers in these latter two districts (One Island East in Island East and International Commerce Centre in Tsim Sha Tsui), the attractiveness of these two areas to top international corporations will be further enhanced.

In recent years, former industrial areas in Kowloon East have been gradually redeveloped into office and residential precincts, and the office space in this area offers quality space at substantial cost savings. Nevertheless, the lack of supporting facilities found in other areas such as Central and Island East, and a general perception that the district is located far from traditional business districts, is likely to mean higher vacancy rates and lower rentals in this district for the short to medium term.

Figure 2.2.1 Hong Kong Grade-A Office Distribution by GFA, December 2009



Source: DTZ Consulting, December 2009

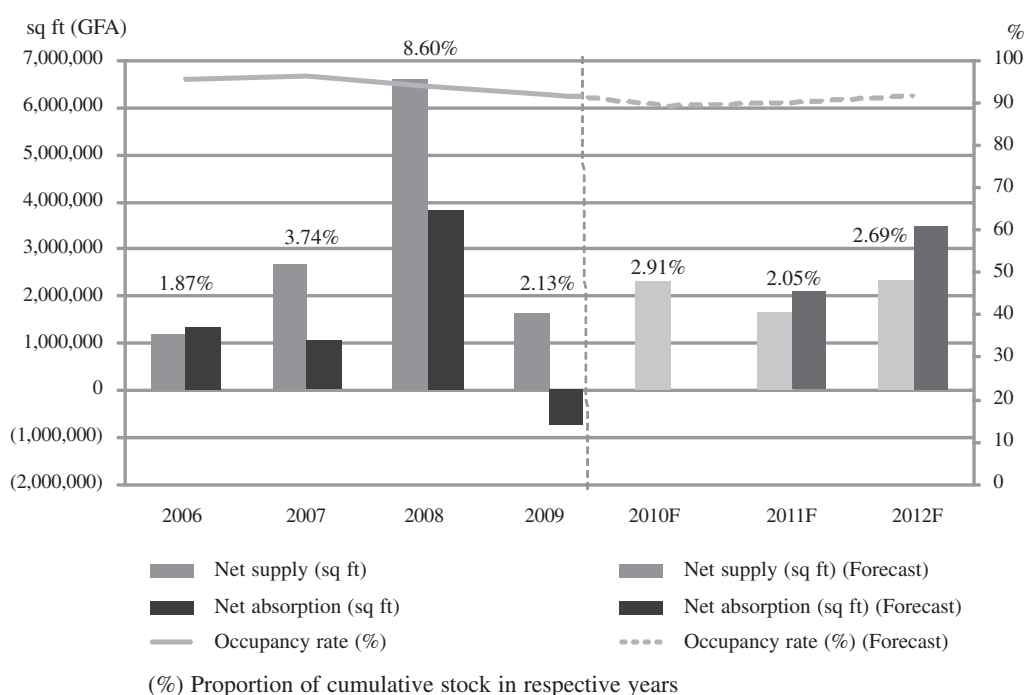
2.2.2 Supply, Demand, and Occupancy

At the end of 2009, Hong Kong had a total Grade-A office stock of 75.5 million sq.ft. by Gross Floor Area (GFA). With the opening of substantial office space in the Kowloon East office precinct, and the phased completion of the iconic International Commerce Centre in Tsim Sha Tsui, the city has seen substantial new supply come on to the market over the past few years. This new supply, coupled with the economic slowdown in 2009, saw office vacancy rates rise to close to 10% at the end of 2009, although there is substantial variation in vacancy rates across districts. Central and Admiralty have seen some tenants re-locating to decentralised areas as firms have looked to cut costs.

Net absorption fell slightly in 2009 under the impact of the global financial crisis. As office demand in Hong Kong is closely linked to the global economic cycle, absorption is likely to remain low in 2010, rebounding quickly in 2011 and 2012 as the global economy recovers, as shown in Figure 2.2.2.

Over the next few years, most of the new Grade-A office supply will be in the Kowloon East area (39% of total new supply), with Island East also contributing a substantial amount of new supply (28%). The balance of new supply will come from Central (12%), and other decentralised districts (21%).

Figure 2.2.2 Grade-A Office Supply, Demand, and Occupancy



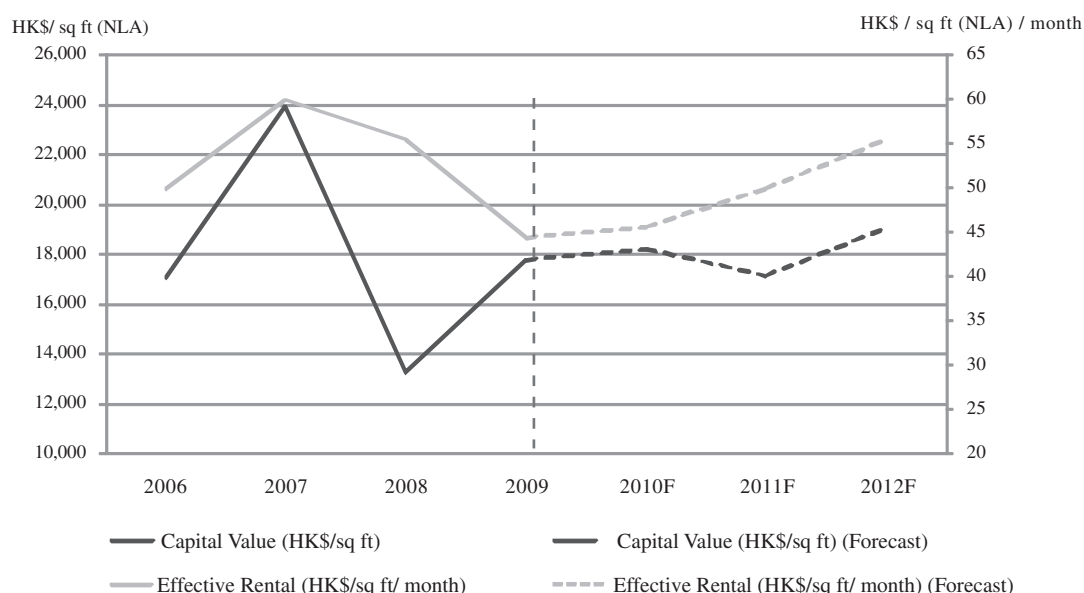
Source: DTZ Consulting, December 2009

2.2.3 Rental and Capital Values

Office rentals have slid from the 2007 peak, influenced first by the wave of completions in 2008, and then the global financial crisis in 2009. Again, there is substantial variation in rents across districts, with Central/Admiralty commanding a premium of two to three times the rental of decentralised districts, although this gap has been falling since early 2008. Currently average rents are \$81 per sq.ft. in Central/Admiralty, compared with \$30 on the CBD fringe and \$25 and \$23 in Island East and Tsim Sha Tsui respectively.

Capital values have moved broadly in line with rentals, although the peaks and troughs tend to be more extreme, as the supply of quality stock available for sale is fairly limited, and a small number of landlords dominate the most prestigious sites. Yields peaked at 5.1% in early 2009, but fell back to about 3.5% in late 2009, in line with the long-term average yield of between 3.5% and 4.5%.

Figure 2.2.3 Citywide Effective Grade-A Office Rental & Capital Value



Source: DTZ Consulting, December 2009

2.2.4 General Market Outlook and Potential Opportunities

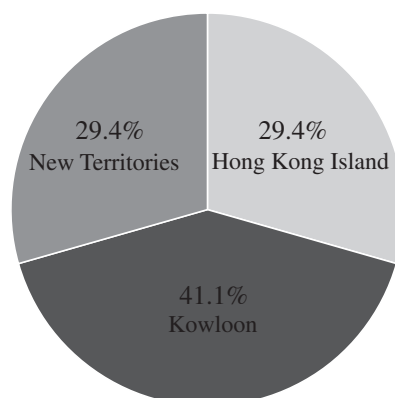
While Hong Kong’s economy is showing signs of recovery, hiring intentions remain cautious, although the trend is clearly upwards. Pressure will remain on rents as firms continue to monitor costs closely, and as new supply come on stream, particularly in the Kowloon East district. The decentralization trend will see a reduction in the price discrepancy between Central and other areas. Rents may now be close to the bottom in outlying office districts, although they may fall a little further in Central/Admiralty, by around 5% in the first half of 2010.

Assuming a strong recovery in the global economy beyond 2010, and continued economic growth and political stability in Mainland China, the office market is likely to experience price growth and falling vacancy in the forecast period shown in Figure 2.2.3.

With Central/Admiralty continuing to command a high price premium, there will be, in the medium term, potential opportunities for new office development in Central with the Government Headquarters relocating out of Government Hill, in Admiralty, upon completion of the Tamar Complex and with the completion of the final phase of the Central Harbor Reclamation work.

2.3 Retail

2.3.1 Stock Distribution & Characteristics of Major Retail Districts



Source: HKSAR Government, DTZ Consulting (due to rounding error, total is 99.9%)

Figure 2.3.2 Hong Kong Retail Statistics, Q4 2009

Retail market statistics

	Rental index (Q1 2000 = 100)	Q-o-Q (Q3/Q4 2009) change (%)	Y-o-Y (2008/2009) change (%)
Hong Kong Island.....	135.8	-0.5	-3.1
Kowloon.....	123.7	+9.0	-1.1
New Territories.....	122.5	-0.8	-10.0

Source: Rating and Valuation Department HKSAR, DTZ Research

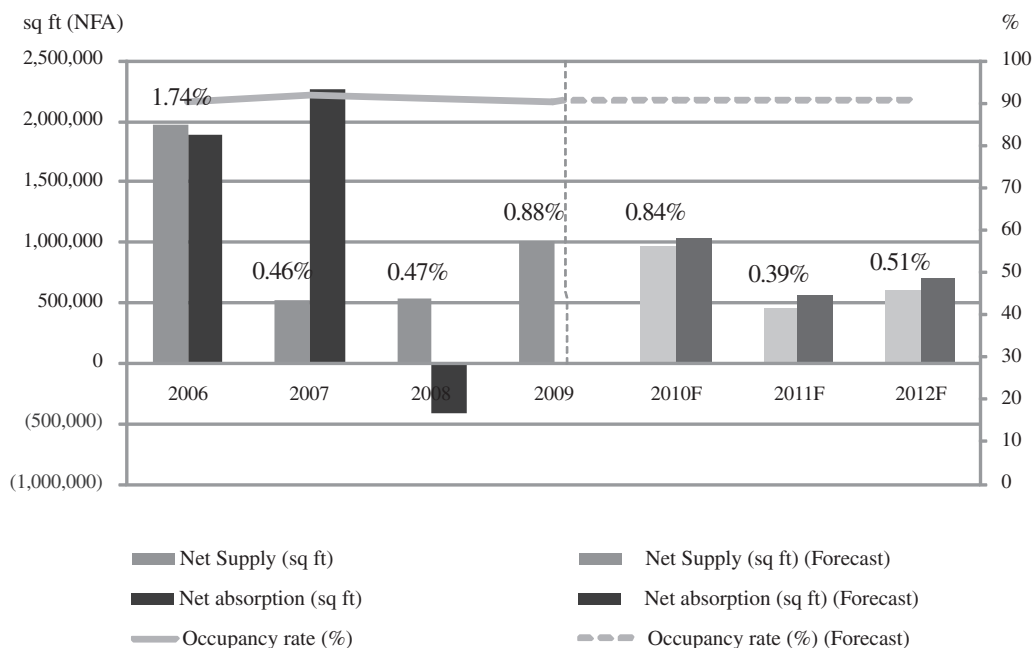
Hong Kong has some 114.9 million sq.ft. in Net Floor Area (NFA) of total retail stock, and this retail stock is more widely distributed across the city, with a range of malls, and on-street shops catering to locals and tourists. Tsim Sha Tsui and Central, together with specialist markets elsewhere in Kowloon, on the Peak and near the airport cater primarily for tourists, while suburban malls scattered throughout the territory cater primarily for local demand.

2.3.2 Supply, Demand, and Occupancy

Construction programs for new retail supply are less influenced by the economic cycle than the office market, and new supply of retail space shows a more consistent trend. As the global financial crisis impacted on visitor numbers, the net absorption in the market turned negative in 2008 and 2009. Broadly consistent supply is expected in the city going forward, and with the economic recovery,

continuing strong tourism numbers and new housing construction, demand for retail space is likely to resume at about average long-term levels of about 500,000 sq.ft. per year over the next few years. New retail space is generally coming from incremental expansion of existing projects and mixed use urban renewal projects in Wanchai, Mongkok and Tsim Sha Tsui.

Figure 2.3.3 Citywide Retail Supply, Demand, and Occupancy



(%) Proportion of cumulative stock in respective years

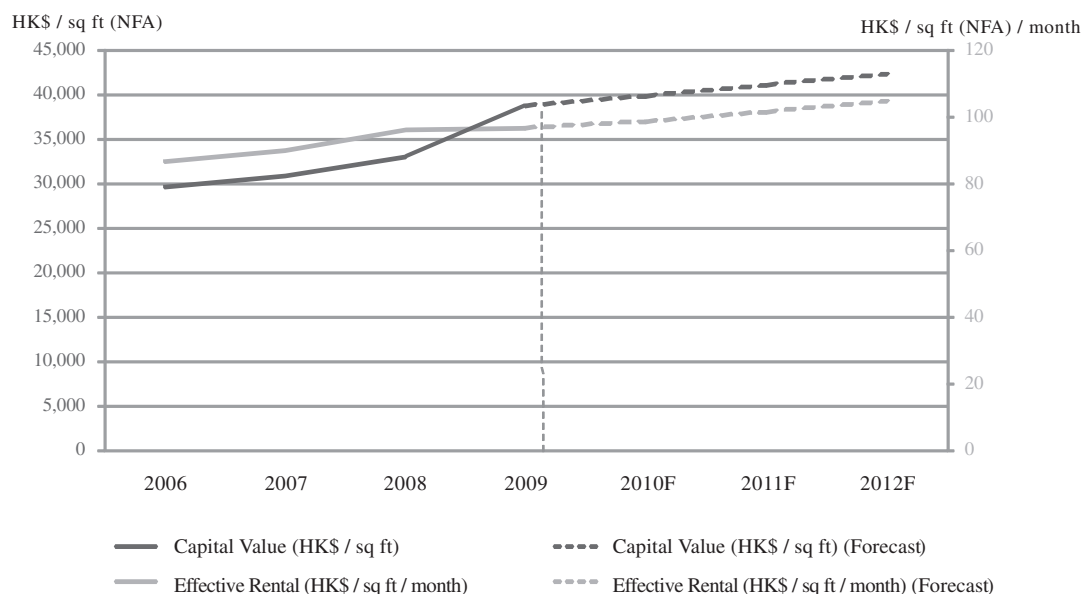
Source: DTZ Consulting, December 2009

2.3.3 Rental and Capital Values

Rental growth slowed, but trended upwards in 2008 and 2009, even though net absorption was negative. This reflected the importance which international retailers place on establishing flagship stores in the city as part of their expansion into China, together with the premium prices derived from high profile locations into a city where busy locations can attract high pedestrian flows.

Hong Kong Island remains the preferred location for international brand name stores, with many major retail names having flagship stores around the Island, and rents in the territory were the highest in this area at \$103.6 per sq.ft. as at the end of December 2009. With a number of mid-high end malls located in Kowloon, including the recently opened iSquare and Heritage 1881, average rents in Kowloon were much lower at \$99.3 per square foot, while in the more mixed retailing environment of the New Territories, average rents had reached \$81.2 per sq.ft. as at end of December 2009.

As rental growth slowed, retail yields weakened slightly in 2009, to a citywide average of 3.9%. Retail yields in Hong Kong have typically been at between 4.0% and 5.0% throughout the past few years.

Figure 2.3.4 Effective Retail Rental & Capital Value

Source: DTZ Consulting, December 2009

2.3.4 General Market Outlook and Potential Opportunities

New growth in the retail market will largely be driven by visitor spending, rather than growth in the domestic market. Some new retail space will be created in the urban core with the development of the West Kowloon precinct and the reclamation in Central District which will be completed in 2010. Apart from this, the majority of new retail space in the city will come from incremental expansion of existing shopping districts, and some urban renewal projects, including the old Kai Tak airport site, which is close to the Kowloon East office district.

With steady, rather than rapid, growth in tourism numbers, and domestic spending remaining relatively stable, we anticipate relatively stable growth in retail rentals, although premium locations may produce significant growth as Mainland China's consumer boom continues.

2.4 Four and Five-Star Hotel and Serviced Apartment

2.4.1 Stock Distribution

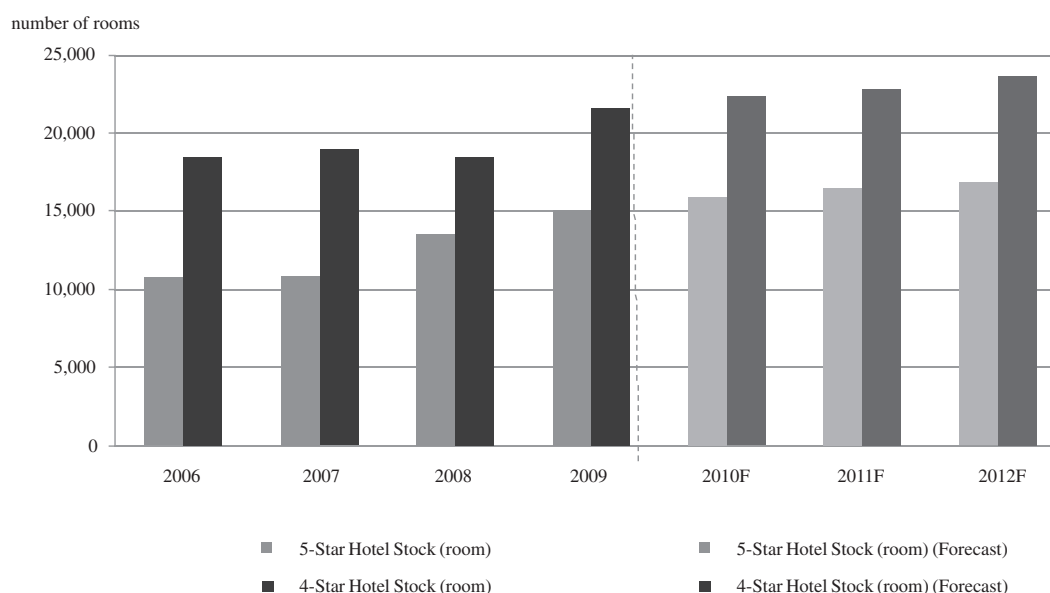
As at the end of 2009, Hong Kong had a stock of 15,116 5-star hotel rooms, and 21,638 4-star rooms. In addition, there are a total of 917 serviced apartments managed in conjunction with 5-star hotels in the city.

Hong Kong's 5-star hotels are concentrated in the business and tourism hubs in Central and Tsim Sha Tsui, with a number also in Mongkok, Wanchai and Causeway Bay and a few scattered elsewhere around the territory. The city's hotel stock is a mix of perennially popular hotels, such as the Peninsula in Tsim Sha Tsui and a range of newer hotels, dominated by the major international brand operators. With Central district catering to international business visitors, the global financial crisis impacted most heavily on hotels in this district, with occupancy falling to 69% for the first 11 months to November 2009. Occupancy in other districts held up better, with Island East recording average occupancy of 75% for the same period, and Tsim Sha Tsui 78%.

With a number of hotels closing, some for refurbishment, Hong Kong's 4-star hotel stock fell slightly during 2008. Re-openings, together with some major hotels in outlying districts drove the growth in stock in 2009. With the growth in visitors from the Mainland, and increasingly from emerging markets in South Asia and the Middle East, Hong Kong's hotel stock will continue to expand based on confirmed projects. While the final positioning of some hotels in the development pipeline have not been confirmed, there is a forecast of a total 57 new hotels to be opened (or expanded) by 2012, totalling some 6,855 rooms, of which approximately 5,000 rooms will be of 4-star or 5-star standard. Many of these will be in non-traditional areas, with large-scale convention focussed hotels opening far from established business and tourism zones (including Discovery Bay on Lantau Island and Tsuen Wan in the New Territories). Other hotels will also open to meet the growing demand in the newer Kowloon East office precinct.

The serviced apartment market in Hong Kong has mostly been dominated by small, independent operators, or small local chains. The trend towards the inclusion of serviced apartments within major 5-star hotels is fairly new, but is expected to continue, as international chains seek to develop the serviced apartment sub-sector.

Figure 2.4.1 Cumulative Stock of 4-star and 5-star Hotels



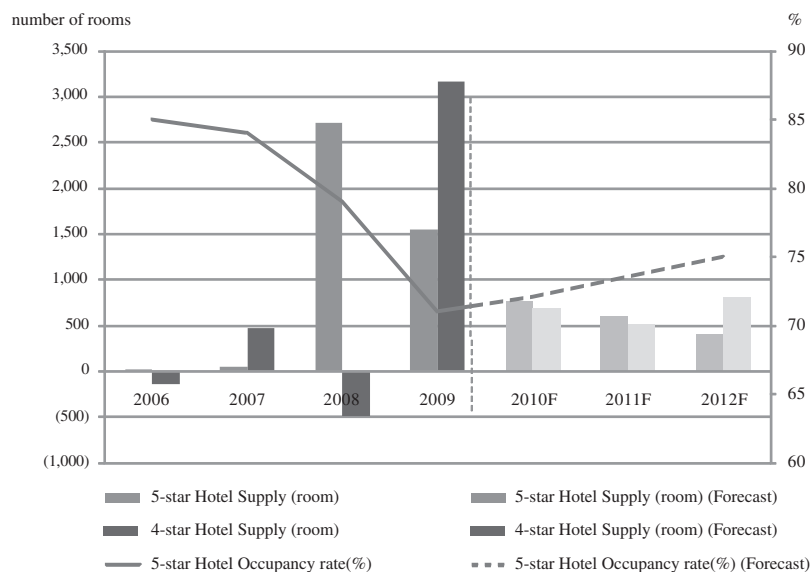
Source: DTZ Consulting, December 2009

2.4.2 Supply, Demand, and Occupancy

As noted, the total 4-star hotel stock fell slightly in 2008, but with re-opening and new project completion, new supply was above the long-term average in 2009, for both 4-star and 5-star hotels. Strong new supply is also anticipated in 2010, at about 4.8% of the existing 5-star stock and 3.1% of the existing 4-star stock.

With the 5-star market catering heavily to long-haul and business travellers, this sector of the hotel industry was particularly affected by the global financial crisis. Occupancy rates (averaging 71% for 5-star hotels, 80% for 4-star hotels and 88% for serviced apartments) fell to the lowest level since the SARS crisis of 2003.

Figure 2.4.2 Supply and Occupancy of 4-star and 5-star Hotels

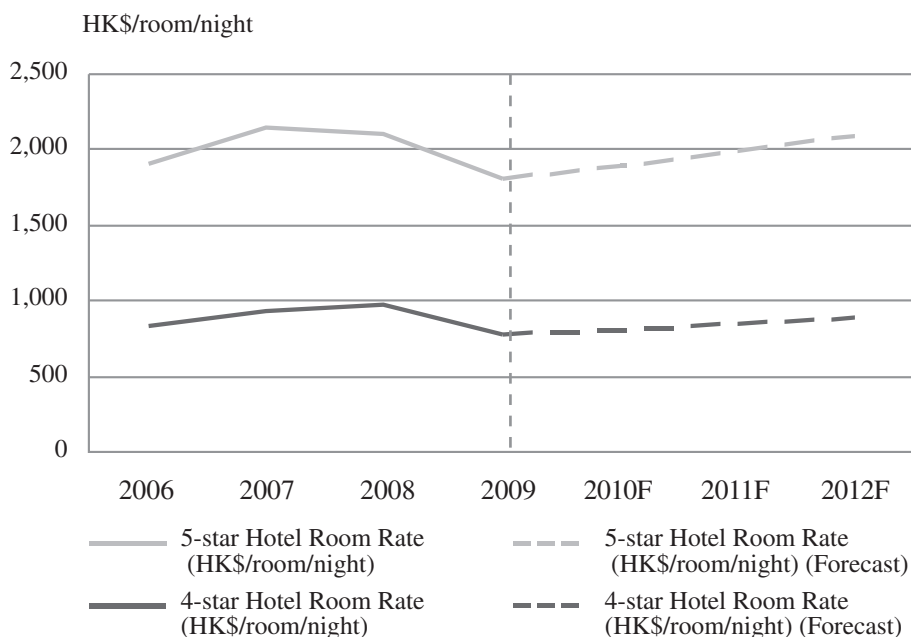


Source: DTZ Consulting, December 2009

2.4.3 Hotel Room Rate

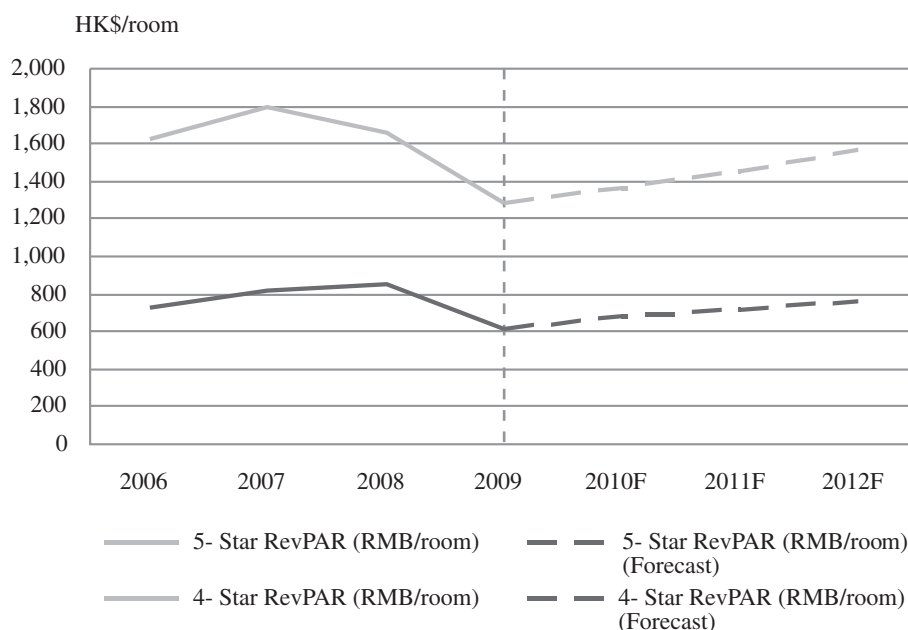
With operators seeking to maintain brand image, and with the downturn in visitor arrivals being less severe than during SARS, heavy discounting has not been a feature of 2009’s hotel market slow-down. Nevertheless average daily room rates fell to HK\$1,801 (US\$230) for 5-star hotels, HK\$772 (US\$99) for 4-star hotels and HK\$917 (US\$117) for serviced apartments.

Figure 2.4.3 Average Daily Room Rate of 4 and 5-star Hotels



Source: DTZ Consulting, December 2009

Figure 2.4.4 Revenue Per Available Room (RevPAR) of 4 and 5-star Hotels



Source: DTZ Consulting, December 2009

2.4.4 General Market Outlook and Potential Opportunities

The steady growth in visitors arrivals and further integration with the Mainland will drive the steady growth in total room demand and rates, while the desire of operators to reduce risk by entering the more stable serviced apartment market, will see this sector grow more rapidly than the traditional hotel sector in terms of total supply.

New hotel supply is currently focused on expansion and re-development projects and new hotels in outlying areas. Concerned at a lack of hotels in the traditional urban core, the Hong Kong government has rezoned some prominent development sites on its land application list for hotel development only, including 3 sites in Kowloon East, 2 in the Island East district, and one in Causeway Bay. This will provide opportunities for the development of major new hotels in the next few years.

3.0 CHINA

3.1 Macro-economic and Demographic Overview

Figure 3.1 Key Economic Indicators for China

	2006	2007	2008	2009	2010F	2011F	2012F
GDP at current market prices (RMB billion)	21,631.4	26,581.0	31,404.5	33,535.3	35,909.6	39,939.4	43,334.3
Real GDP Growth Rate (%) ⁽¹⁾	11.6	13.0	9.0	8.7	9.3	8.3	8.5
Per Capita GDP (RMB)....	16,165.0	19,524.0	22,698.0	25,125.0	26,778.9	29,635.9	33,052.7
FDI Utilised (RMB Billion).....	533.0	945.3	1,009.5	691.2	742.4	752.7	859.2
CPI (%)	1.5	4.8	5.9	(0.7)	2.6	3.2	3.4
Retail Sales Growth (%) ..	13.7	16.8	21.6	15.5	14.3	13.9	14.1
Tourist Arrival (000 persons).....	22,210.0	26,110.0	24,325.0	21,937.5	22,637.0	23,905.0	n/a

Source: National Bureau of Statistics of China, Economist Intelligence Unit

Note: (1) Calculated at constant prices

China's economy has been remarkably resilient in the face of the global economic crisis over the past 12 to 18 months. The country's stellar economic growth has slowed somewhat over this period, as weakness in China's major trading partners impacted on the important export sector. As the global economy recovers, China's economic growth is likely to remain strong, or even increase, driven by ongoing development of the inland provinces and the shift from export and investment oriented growth to domestic driven growth. Consensus forecasts for economic growth from 2010 and beyond are at an annual growth of over 8.0%. Although the growth rate is below the double digit rates experienced in the 1990s and the early years of this decade, it is healthy as the growth continues off a larger base as China's economy matures.

Retail sales have continued to record strong growth amid the global financial crisis as it is not driven solely by the economic cycle. Growth in retail sales is largely propelled by urbanisation in China. Propensity to consume by urban households is higher than that of the rural households. In 2008, per capita annual consumption expenditure of urban households of RMB11,242 was over three times greater than that of rural households of RMB3,660. Growing urban population in China, therefore, is expected to continue to support growth in retail sales in China.

As the market continues to mature, and as the inland provinces begin to develop a consumer culture which has already emerged in the big coastal cities, the growth rate of retail sales is likely to stabilise over the medium term. In addition, with policies encouraging domestic demand, retail sales are likely to see growth in the medium term. Furthermore, rising discretionary spending in tandem with income growth will lead to higher demand for a wider choice of product types and retail destinations.

Figure 3.2 Visitor Arrivals for Selected Cities

Visitor Arrivals (000)	2006		2007		2008	
	domestic	overseas	domestic	overseas	domestic	overseas
Beijing.....	132,000	3,902.9	142,800	4,355.0	141,810	3,790.0
Shanghai.....	96,840	1,814.0	102,100	6,655.9	110,060	6,403.7
Guangzhou (Overnight) ..	23,957.8	5,642.3	27,274	5,642.3	29,160	6,120.0

Source: China Statistical Yearbook

Visitor numbers remain strong for the key Tier 1 Chinese cities, with Beijing a perennial favourite destination for Chinese tourists. With Shanghai as the country's financial hub, and Guangzhou an important destination for international purchasers, these two cities attract a higher proportion of international visitors.

Figure 3.3 Key Demographic Profiles for China

	2006	2007	2008	2009	2010F	2011F	2012F
Per Capita Disposable Income (urban households, RMB/yr)	11,759.0	13,786.0	15,781.0	17,175.0	19,249.5	20,731.7	22,307.3
Per Capita Expenditure (urban households, RMB/yr)	8,697.0	9,997.0	11,243.0	12,265.0	12,776.0	13,619.2	14,490.9
Urban Population (million)	577	593	606	622	648	685	705

Source: National Bureau of Statistics of China, 2009, IMF

Disposable income in China has continued to grow strongly and this has underpinned the development of the retail sector in the country. As the nation becomes richer, the composition of its population's retail spending is shifting away from a heavy weighting towards food, to a more balanced consumption model. This shift in consumption pattern towards discretionary spending is expected to continue as income grows.

Over the years, the steady growth in income has generated a large group of middle income population in Tier 1 cities like Beijing and Shanghai. Generally, this middle income group has helped to support growth in discretionary spending.

While total consumption expenditure per household has been growing rapidly overall, there remain substantial differences in the consumption capacity by region. Generally, the coastal provinces, especially around the Pearl and Yangtze River Deltas and Beijing have the highest household expenditure levels. In addition, the proportion of discretionary spending is higher in these areas than in the less developed parts of the country.

China has the highest population in the world. In 2008, it had a total population of 1.33 billion, of which almost 46.0% live in urban areas. While population growth has slowed to less than 1% since late 1990s, the urban population (which is the cornerstone of Chinese consumer demand) continues to

grow. Urbanisation is increasing at a rapid pace and is a long term trend which has maintained its growth momentum independent of rates of economic growth. The urban population has been growing at around 2.5% (or 15 million persons) per year between 1991 and 2008.

It is likely that the major cities of the Pearl and Yangtze River Deltas, led by Guangzhou and Shanghai respectively, will soon approach the income levels of middle income countries, and by some measures, may already have reached this standard. For Shanghai, in particular, this suggests that consumption patterns will approximate those of middle classes across the advanced emerging economies. In particular the propensity to spend on travel and related services, and housing purchases is likely to grow strongly. While the city's transformation into a truly global financial service centre may be some time away, it seems destined to become the primary commercial and financial centre for Mainland China, and will continue to attract talented young people and global companies to the city, and as such the long term prospects for the city are very promising.

For Guangzhou, the key centre for the "World's Factory" in the Pearl River Delta, the switch away from export-oriented development will mean some painful restructuring. Already, many migrant workers have left the city as factories reliant on export have scaled back production. Nevertheless, as an industrial powerhouse, the city will benefit from the shift in focus towards domestic spending as the major economic growth engine. The increasing integration with Hong Kong and Macau will also aid the city's continued transformation into one of the key cities exerting major economic influence in China.

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

4.0 CITY REPORT: BEIJING

4.1 City's characteristics

Beijing is the capital city of China and is the largest city in North China. Beijing is the cultural and political centre of the country with all Central Government's Headquarters, State Committee's Headquarters and Ministries stationed here.

Beijing's economy has grown robustly, registering double-digit growth between 2004 and 2007. In 2008, the economy grew at a slower rate of 9.0% due to the global economic downturn but the trend has begun to stabilise in 2009 as Beijing's service sector picks up. By the end of Q3 2009, Beijing's GDP had increased by 9.5% Y-o-Y to RMB816.1 billion. Over the past five years Beijing's FDI has doubled and maintained a considerable growth rate of 20% between 2007 and 2008. For investors Beijing is still a relatively good place to invest, especially in the real estate sector. The continued growth in the service sector and the expansion of FDI will provide demand for Grade-A office space and high quality serviced apartments in the years to come.

Figure 4.1.1 Beijing Economic Indicators

Indicator	Period	Unit	Value	Y-o-Y* Change (%)
GDP.....	Jan-Sept 2009	RMB 100 million	8,161.4	9.5
Tertiary Industry GDP.....	Jan-Sept 2009	RMB 100 million	6,010.9	10.7
Disposable Income Per Capita.....	Jan-Oct 2009	RMB	22,316	8.1
FDI Utilized	2008	USD 100 million	60.8	20.1
Fixed Asset Investment	Jan-Oct 2009	RMB 100 million	3,900	48.2
CPI (%)	Jan-Oct 2009	—	98.3	-1.7
Visitor Arrivals	2008	Million	145.6	-1

Source: Beijing Statistics Bureau

* Refers to the year on year change of the stated period in the table.

From 2006 to 2007, Beijing's retail sales increased steadily at growth rates ranging between 13% and 16%. In 2008, despite the impact of global financial crisis, retail sales rose at a more rapid rate at 20%, indicating strong internal consumption demand. The consumption expenditure structure of urban households has also become more sophisticated, evident in a shift from necessity shopping to discretionary shopping over the past decade. This strong retail demand has been supported by a continued growth in per capita disposable income of urban households, which increased by 25% from 2006 to 2008. As at the end of 2008, the per capita disposable income of urban households reached RMB24,735 per person, only RMB1,940 short of Shanghai's rate during the same period, which remains the benchmark city in Mainland China. With large and competitive service sector starting to reach maturity, this income rate is expected to continue to climb. The growing consumption power in Beijing, increased people's propensity to spend, and changing consumer behavior will further drive consumption expenditures in luxury goods and consumption goods which aim to improve living standard will increase gradually.

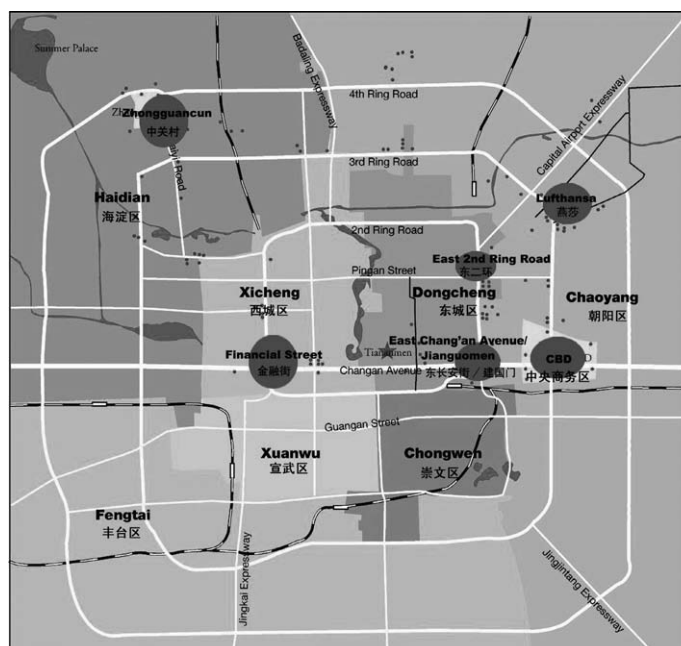
The future development of Beijing's subway network is one of the major infrastructure improvements that will increase the city's accessibility and mobility of people living in the outer suburbs to and from the city center. This improved mobility will mean larger catchment areas and more opportunities for businesses located at prime locations. Nine subway lines are already under operation in Beijing and an additional of ten lines are planned, with construction on Lines 14 and the Western Suburban Line due to commence in 2010.

4.2 Grade-A Office

4.2.1 Stock Distribution of Major Business District

There are currently six major office precincts in Beijing located within the Third Inner Ring Road, generally known as the city core of Beijing. The total Grade-A office stock located within the Third Inner Ring Road amounted to 6.2 million sq.m. in NFA as at end of 2009 (see Figure 4.2.1).

Figure 4.2.1 Major Office Districts in Beijing



● Location of major office districts

Source: DTZ Consulting, December 2009

Figure 4.2.2 Beijing Grade-A Office Market

District	Total stock (sq.m., NFA)	Effective Rent (RMB/sq.m./month)	Q-o-Q (Q3/Q4 2009) Rent change (%)
CBD	1,989,164	151.8	-1.2
East 2nd Ring Road	419,652	146.7	-2.3
East Chang'an Avenue/Jianguomen.....	745,106	140.7	-1.6
Financial Street.....	938,659	173.1	0.9
Lufthansa	609,525	145.9	0.5
Zhongguancun.....	756,723	129.4	0.4
Overall.....	6,160,760*	147.1	-0.6

Source: DTZ Research

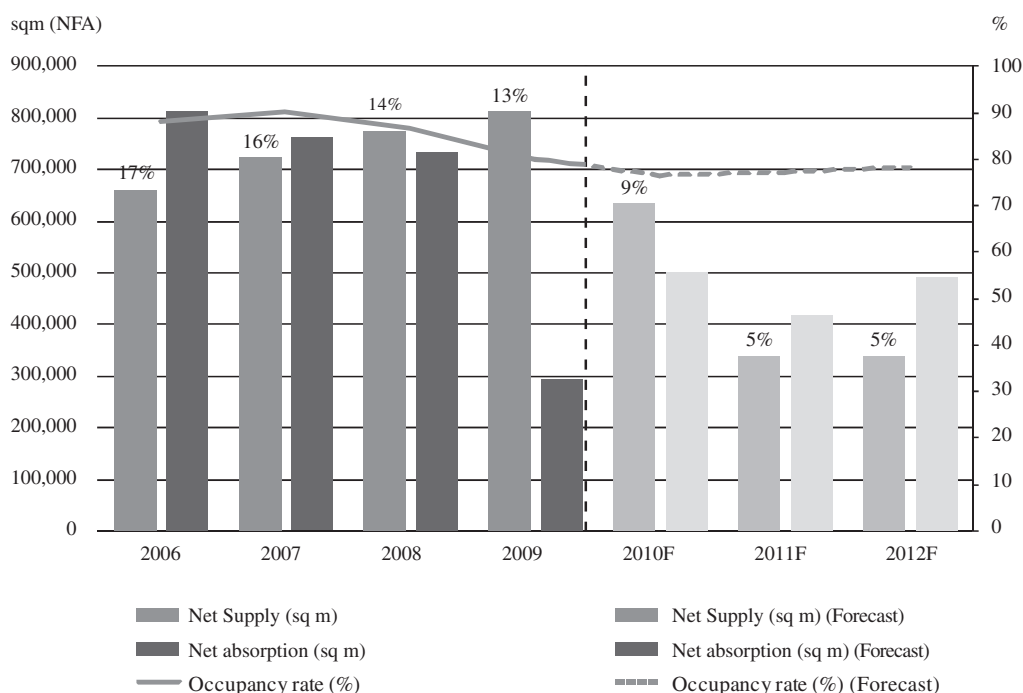
* Includes Grade A Offices located outside the defined boundaries of the above six major office precincts but located within the Third Inner Ring Road.

4.2.2 Supply, Demand, and Occupancy

On the surface, the global financial crisis appeared to have little impact on the supply and demand balance of Beijing’s Grade-A office in 2008. However, this was mainly due to an overall strong Grade-A office market in Beijing during the first half of the year, balancing out the poor market performance in the second half of 2008. The impact of the global financial crisis became more evident in the first half of 2009, as shown by the sharp fall in net absorption in 2009 (Figure 4.2.3 refers), despite a steady recovery from the second half of 2009. The majority of this demand in the second half of 2009 came from large domestic companies and demand from MNCs is slowly picking up again as the global economy revives.

Approximately 1.3 million sq.m. (NFA) of Grade-A office space will enter the market over the next three years, with the majority (48%) entering in 2010. This huge amount of new supply in 2010 will exert some pressure on the Grade-A office market in the same year. However, it is anticipated that demand for Grade-A office space will continue to rise due to confidence among investors and businesses, leading to a more balanced supply and demand equilibrium in 2012. In terms of distribution of location of future Grade-A office supply, the majority (71%) will be concentrated within the CBD and East 2nd Ring Road office precincts.

Figure 4.2.3 Grade-A Office Supply, Demand and Occupancy



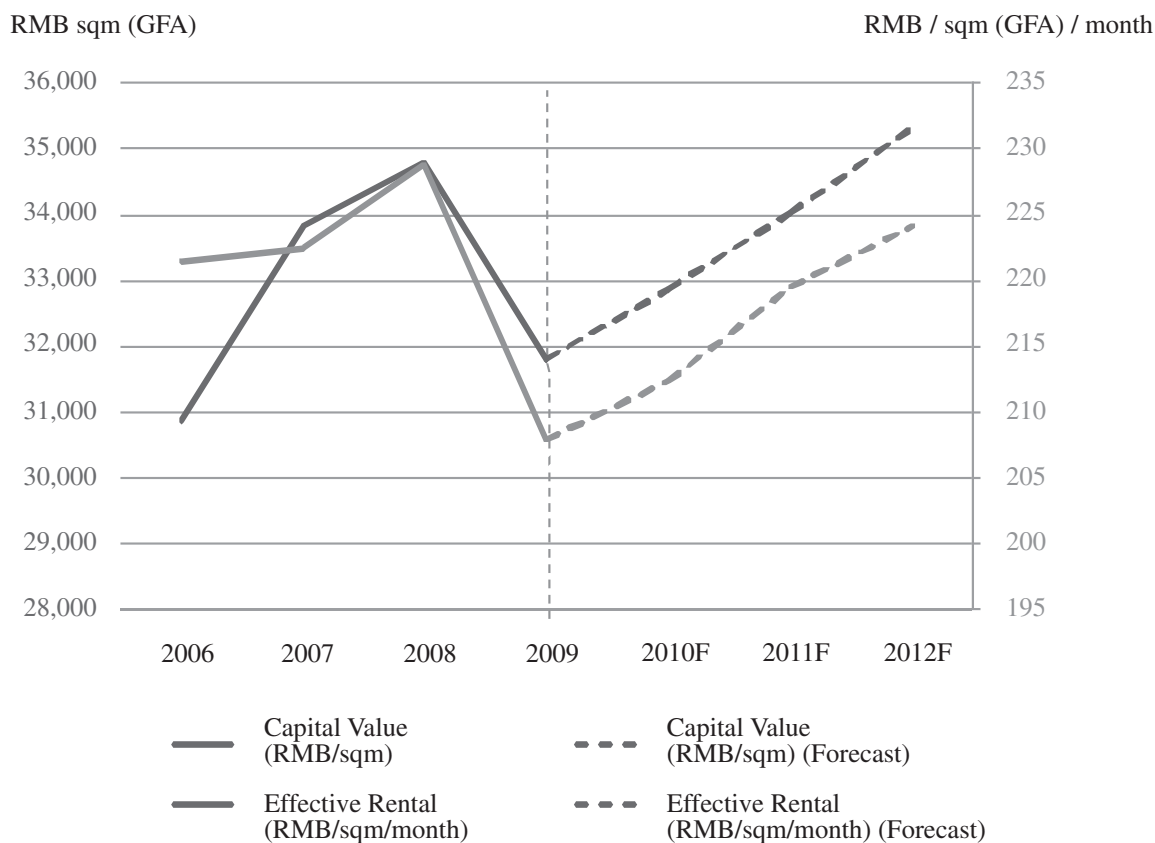
Source: DTZ Consulting, December 2009

4.2.3 Rental and Capital Values

Both rent and prices of Beijing’s Grade-A office market peaked in 2008 before the global financial crisis kicked in and led to a sharp fall in 2009. As the economy began to recover in the second half of 2009, some landlords of brand new office buildings began to raise their asking rents, but most landlords continued to lower rental to attract and/or retain tenants.

Despite the addition of approximately 635,000 sq.m. of new prime retail space in Beijing in 2010, the positive outlook in economy recovery and the return of confidence from domestic investors, combining with a relatively low supply volume in 2011 and beyond, will help to lift price and rent levels in the longer term. It is anticipated that large-scale domestic companies will continue to dominate Beijing’s Grade-A office market, especially in the local investment market, and on this basis, price will grow at a faster rate than rent in the coming few years. Gross yield is estimated to remain at 8% for the coming few years.

Figure 4.2.4 Grade-A Office Effective Rental & Capital Value



Source: DTZ Consulting, December 2009

4.2.4 General Market Outlook and Potential Opportunities

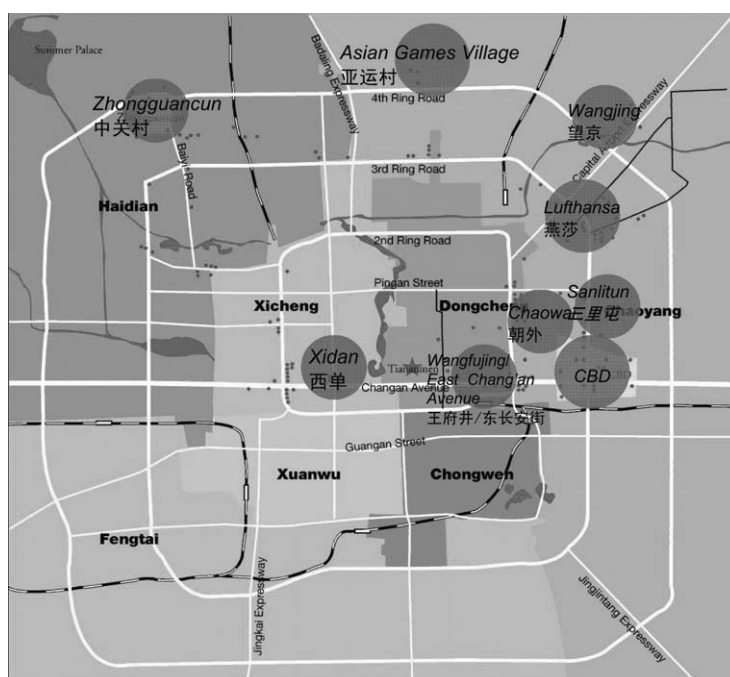
Beijing's economy is on its way to recovery and the Grade-A office market will meet with strong demand from large domestic companies, who will continue to drive the investment markets and push up Grade-A office prices in the coming few years. Occupancy will slightly pick up and stabilise from 2011 with a lower new supply volume and as the market continues to absorb the large supply volume in 2010. The upcoming China REITs and the new insurance law implemented on 1 October 2009 will help to attract more buyers in the Grade-A office market and it is anticipated that capital values will grow at a greater pace than rent in the years to come.

4.3 Prime Retail

4.3.1 Stock Distribution and Characteristics of Major Retail Districts

At present, there are nine main retail precincts in Beijing serving the main urban area of the city, with a total prime retail stock of approximately 4.3 million sq.m. in NFA as at end of 2009. Six of these precincts are located on or within the Third Ring Road, while the Fourth Ring Road encompasses all the major retail districts (see the map below in Figure 4.3.1). The most prominent projects are found in the five core districts, these districts are: CBD, Wangfujing, Xidan, Lufthansa and Sanlitun.

Figure 4.3.1 Major Retail Districts in Beijing



● Location of major retail districts

Source: DTZ Consulting, December 2009

Figure 4.3.2 Beijing Prime Retail Statistics

District	Total stock (sq.m., NFA)	New supply (sq.m., NFA)	Asking Rental range (RMB/ sq.m./ month)
Asian Games Village.....	71,000	—	250-750
CBD	356,000	—	350-1,500
Chaowai.....	165,000	—	500-800
Lufthansa	196,000	—	280-900
Sanlitun	208,800	—	280-900
Wangfujing/East Chang'an Avenue	420,000	—	780-2,400
Wangjing	419,000	—	250-700
Xidan.....	110,000	—	350-1,000
Zhongguancun.....	343,000	53,000	280-700
Overall.....	4,334,800*	53,000	—

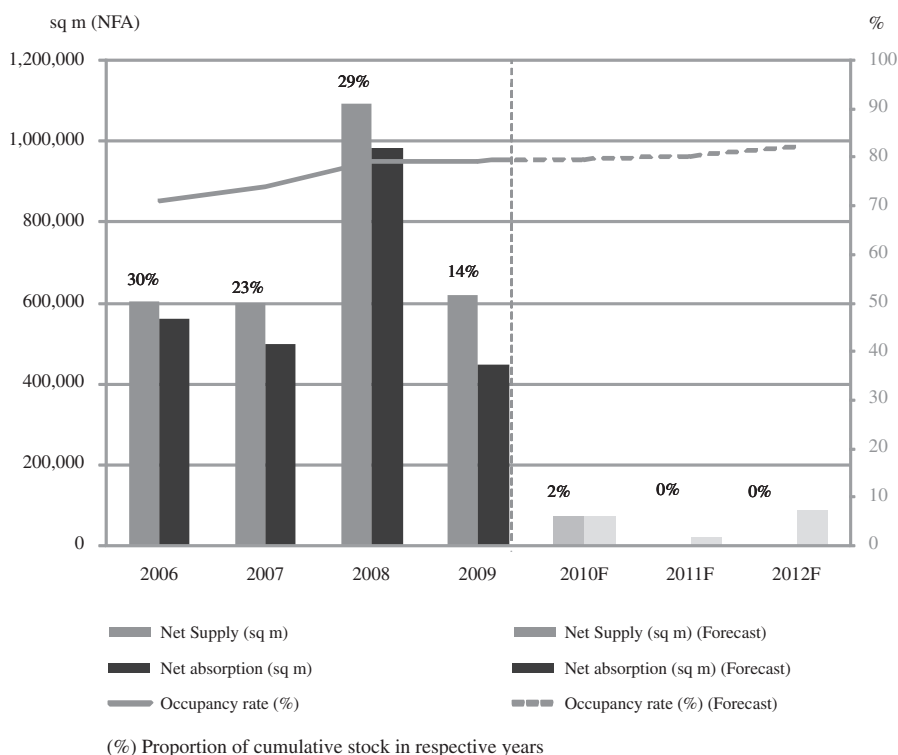
Source: DTZ Research

* Includes prime retail projects associated with the above nine retail districts despite being located outside their defined boundaries.

4.3.2 Supply, Demand, and Occupancy

The supply of new retail space in traditional retail precincts will be increasingly limited, whereas the supply in other areas will grow as they become increasingly urbanised. A total of 330,554 sq.m. (NFA) of prime retail space will enter Beijing over the next few years, of which only 73,994 sq.m. (NFA) or 22% of total new supply will be located in the nine major retail precincts, and all of this supply will enter the market in 2010, due to limited land availability and city expansion. Nearly half of this 73,994 sq.m. new supply will be provided in the CBD precinct, with the balance concentrated in the Xidan and Lufthansa precincts. This may potentially lead to an undersupply situation, which combined with the increased popularity of modern shopping malls and improving retail business in recent years will drive demand for and increase occupancy rates of the major retail precincts in the years to come.

Figure 4.3.3 Prime Retail Supply, Demand, and Occupancy within the nine Major Retail Precincts

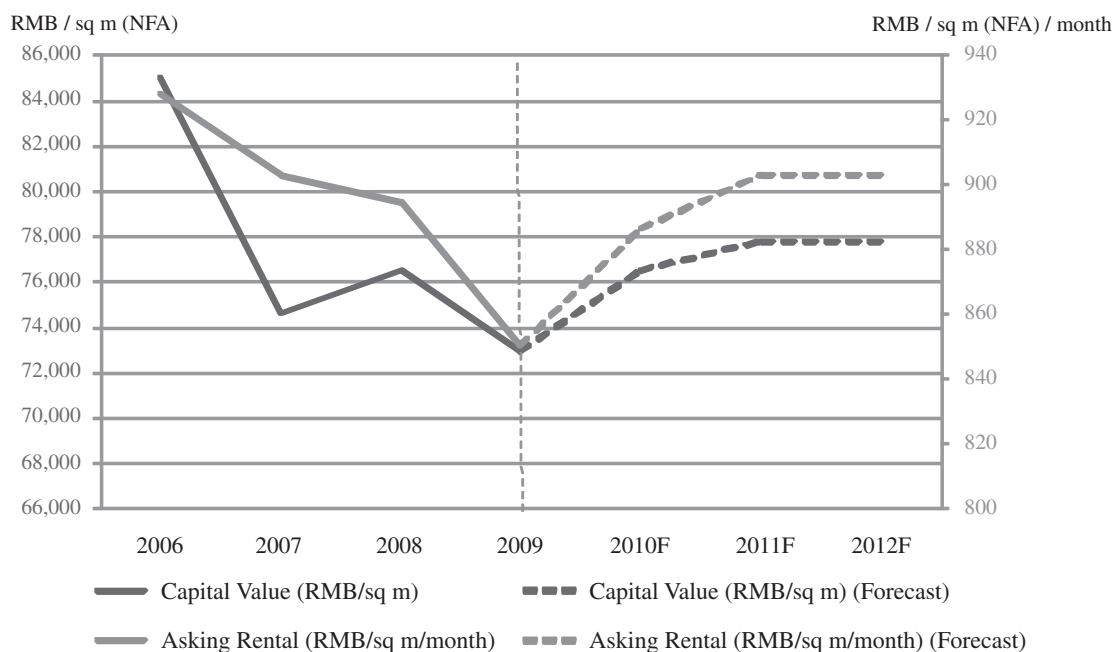


Source: DTZ Consulting, December 2009

4.3.3 Rental and Capital Values

Supported by rising consumerism in China, retail rentals only declined slightly in 2008 and 2009 during the financial crisis. The Chinese consumers’ spending power is likely to continue to grow and the shift towards modern shopping malls is expected to continue as well. This will continue to support rental growth in general. Gross yield is expected to be around 6-9% in the years to come.

Figure 4.3.4 First Floor Asking Rental & Capital Value for Prime Retail



Source: DTZ Consulting, December 2009

4.3.4 General Market Outlook and Potential Opportunities

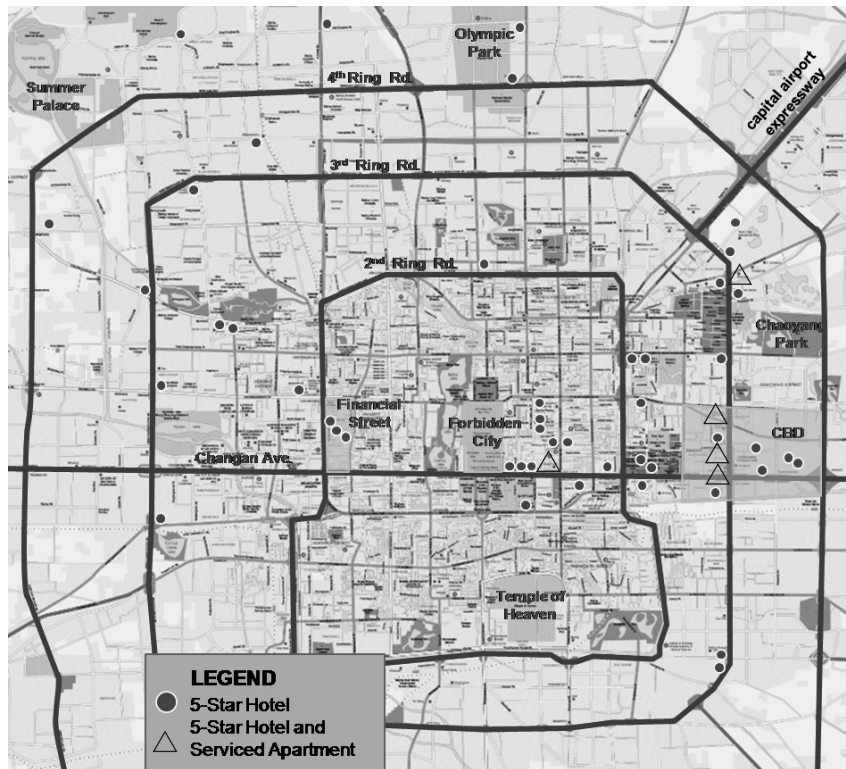
Beijing, being the capital city of China, is an attractive destination for international brands seeking to enter the market to tap into the rising consumerism in China. The city has a large and growing urban population which will continue to provide support for the retail market. The limited supply of new retail space, especially in traditional retail precincts, should provide opportunities for rental rates to grow, in tandem with demand amid improving economic conditions.

4.4 5-Star Hotel and Serviced Apartment

4.4.1 Stock Distribution

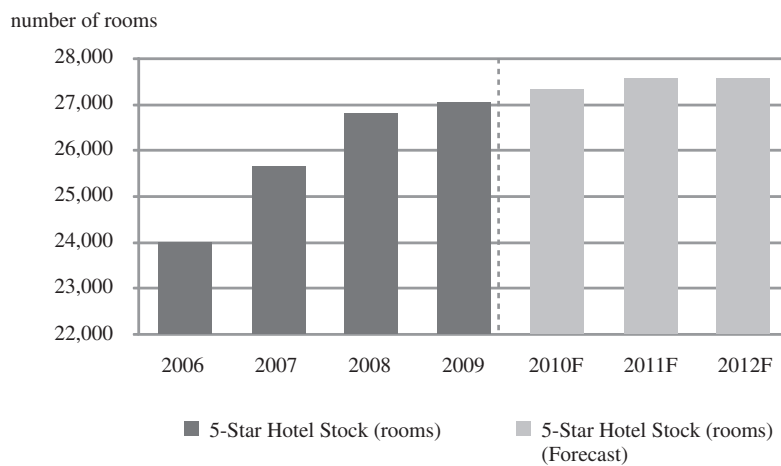
As at the end of 2009, there were 58 5-star hotels supplying a total of 27,046 5-star hotel rooms in Beijing. Six of these 5-star hotels, also supplied a total of 1,759 serviced apartment units (Figure 4.4.2 refers). As shown in Figure 4.4.1, Beijing’s 5-star hotels are concentrated within the core districts such as Dongcheng district (27%) and Chaoyang district (37%), as well as other districts located within the 4th Ring Road, roughly defined as the city core of Beijing City. The majority of the 5-star hotels with serviced apartment components are concentrated within and around the CBD area.

Figure 4.4.1 5-Star Hotel Distribution Map



Source: DTZ Consulting, December 2009

Figure 4.4.2 Cumulative Stock of Beijing’s 5-star Hotels



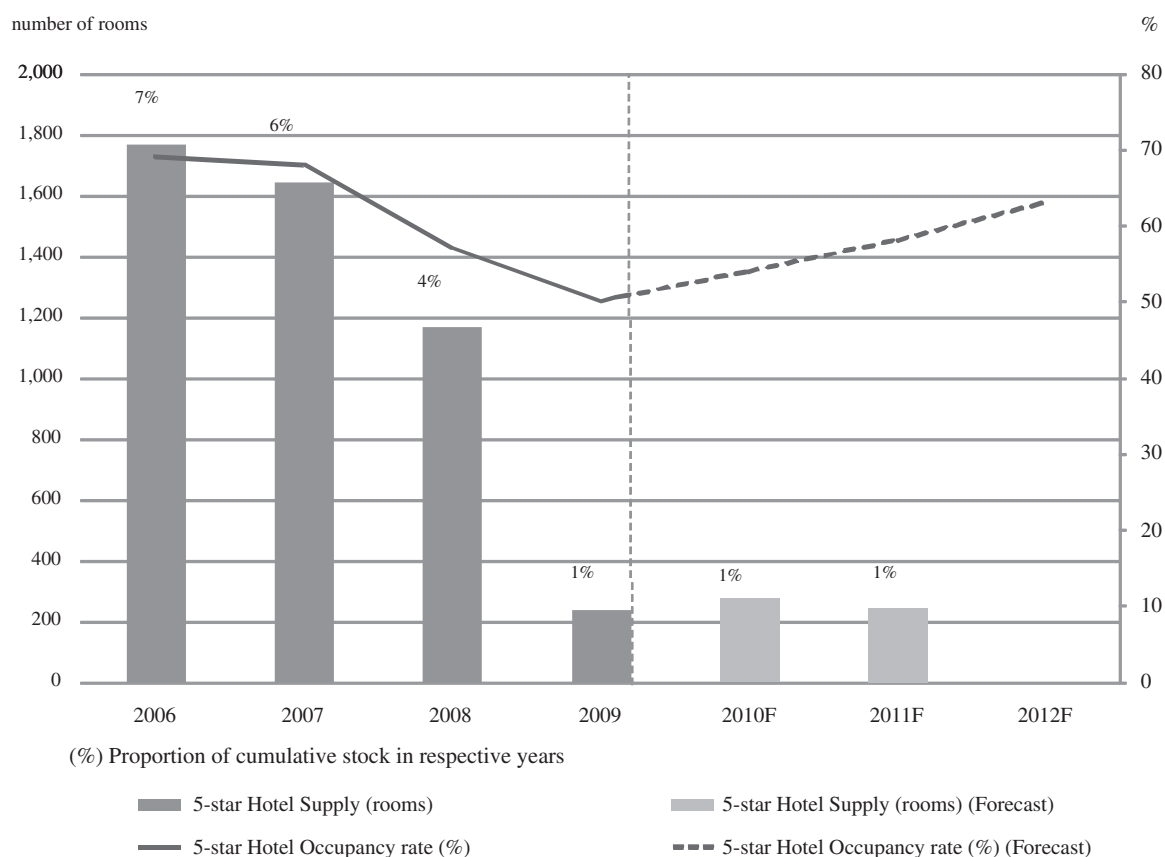
Source: DTZ Consulting, December 2009

4.4.2 Supply, Demand, and Occupancy

Many 5-star hotel rooms came onto the market between 2006 and the first half of 2008, in preparation for the Olympics Games in 2008. Supply rapidly dropped from the second half of 2008 due to the global financial crisis in 2008. Only one new 5-star hotel, Park Hyatt Beijing, opened in 2009, contributing 237 new 5-star hotel rooms or less than 1% of the current total stock.

Demand and occupancy also fell rapidly after the Olympics Games, with occupancy reaching only 50%, compared with the average 70% occupancy reached in 2006-2007, putting further downward pressure on room rates. However, as there will be limited future supply of 5-star hotels in Beijing in the coming years (a total of 516 5-star hotel rooms between 2010-2012, representing 2% of the current stock), the occupancy rate of existing 5-star hotels is anticipated to increase and return to the 70% level in the coming years. Future demand will mainly come from domestic tourists as well as international business travellers.

Figure 4.4.3 5-Star Hotel Supply and Occupancy



Source: DTZ Consulting, December 2009

The serviced apartment market, which has been heavily reliant on expatriates working for multi-national corporations (MNCs), remained relatively stable between 2006-2008 with an average 98% occupancy rate before a rapid drop to 78% in 2009 as a result of the global financial crisis when MNCs relocated their staff or moved them to cheaper accommodation.

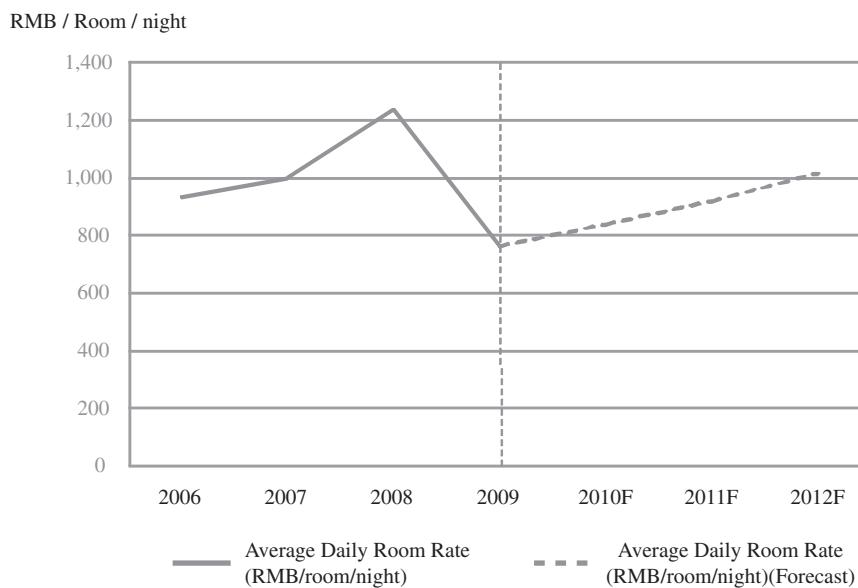
It is worth noting that five out of the six existing serviced apartment projects have been operating in Beijing since 2002. The latest addition is The Westin, Beijing, supplying a total of 205 rooms in 2008. No formal plans have been announced by any internationally known hotel groups to provide a 5-star serviced apartment in the coming few years and it is anticipated that occupancy in the serviced apartment market in Beijing will return to above 88% in the future, due to its product scarcity, small market size and limited or no supply in the future.

4.4.3 Hotel Room Rate and RevPAR

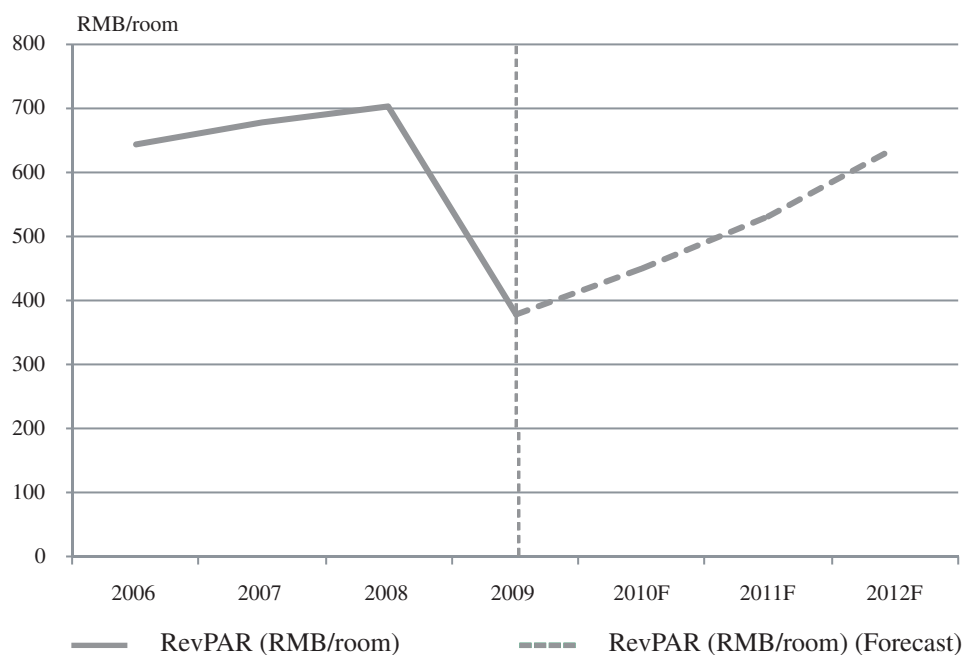
Both the average daily room rate and RevPAR for 5-star hotels in Beijing peaked in 2008, reaching RMB1,236/room/night and RMB705/room respectively as a result of Beijing hosting the Olympics Games, before falling rapidly to below RMB800/room/night and RMB380/room respectively in 2009 after the Olympics Games and in response to the large supply volume in the 5-star hotel market starting from 2006.

It is anticipated that average daily room rates and RevPAR will pick up steadily in the coming few years as there is limited future supply in the 5-star hotel market as well as expanding business traveller arrival numbers in response to Beijing's continued service sector expansion.

Figure 4.4.4 Average Daily Room Rate of 5-Star Hotel



Source: DTZ Consulting, December 2009

Figure 4.4.5 RevPAR of 5-Star Hotel

Source: DTZ Consulting, December 2009

For the serviced apartment market, the rent was relatively stable before 2008, fluctuating within a 3% range. However, rent dropped by 25% Y-o-Y, to RMB153/sq.m./month as at end of 2009 in response to a falling occupancy rate amidst global financial crisis. However, due to limited future supply and product scarcity, it is anticipated that serviced apartment rent will return to the 2008 rent level (RMB200/sq.m./month) in the coming few years.

4.4.4 General Market Outlook and Potential Opportunities

The limited future supply of 5-star hotel and serviced apartment in Beijing will help to balance the market volatility experienced in the current market conditions and for the existing projects to recover in its occupancy performance. It is anticipated that the 5-star hotel and serviced apartment markets will return to their peak levels considering the positive outlook for tourist arrival numbers and the constantly rising spending propensity of domestic travellers.

5.0 CITY REPORT: SHANGHAI

5.1 City's Characteristics

Shanghai is an international financial centre and shipping hub of China. Due to its strategic location, growth as a commercial centre and supportive government incentives, Shanghai has emerged in recent years as a top choice among MNCs to locate their Asia-Pacific and/or Chinese headquarters. This is demonstrated by the surge in the expatriate population, which increased by approximately 50.0% between 2005 and 2008 (inclusive) to over 150,000 in 2008.

Over the past few years, Shanghai has entered into a mature phase in its economic cycle, with relatively stable growth and a large service sector. Since 2008, GDP growth ended the double-digit growth that it has recorded Y-o-Y since 2004, and a 8.2% growth is expected in 2009. The robust economic growth combined with Shanghai's international city status and the hosting of World Expo this year will continue to attract MNCs and drive demand for high quality office, serviced apartment and hotel space.

Shanghai's retail sales increased steadily between 2006 and 2008 (with an annual growth rate of 13.0% and 18.0% respectively). The growth in Shanghai's retail sales is expected to continue into 2010, as shown by a sustained double-digit growth rate in per capita disposable income of urban households since 2006, especially in 2007 when it increased by 14% Y-o-Y, and the growth momentum has been sustained through 2008. Per capita disposable income reached RMB26,675 in 2008, which is the highest in China, and 1.7 times the average per capita disposable income level in China. In addition, Shanghai's per capita consumption expenditure structure of urban households has gradually shifted from necessity shopping to increasing discretionary shopping over the past decade. The growing consumption power in Shanghai and people's increasing propensity to spend, changing consumer behavior and better shopping environments will further drive consumption expenditures on luxury goods or consumption goods which aim to improve living standards.

Similar to Beijing, the City's major future infrastructure improvement project that will affect the prime real estate areas will be the subway system. 11 lines are under operation and nine more are planned by 2020. The latest major addition came on 31 December 2009 when the east extension of Line 9 and Phase 1 of Line 11 opened for trial operations. Five more lines or line extensions will be in service before the opening of Expo 2010 this year. The opening of new lines will increase the convenience for people to shop and spend in the city core areas, thereby lifting demand for prime real estate spaces located near the subway stations.

Figure 5.1.1 Shanghai Economic Indicators

Indicator	Period	Unit	Value	Y-o-Y* Change (%)
GDP.....	Jan-Sept 2009	RMB 100 million	10,215	7.1
Total Industry Output (above a designated size).....	Jan-Nov 2009	RMB 100 million	21,313.84	1.1
Disposable Income Per Capita.....	Jan-Sept 2009	RMB	21,871	8.0
FDI Utilized	Jan-Oct 2009	USD 100 million	87.71	3.0
Real Estate Investment.....	Jan-Oct 2009	RMB 100 million	1,196.3	6.5
Consumer Price Index	Oct 2009	—	99.7	-0.3
Visitor Arrivals	2008	Million	116.5	7

Source: Shanghai Statistics Bureau

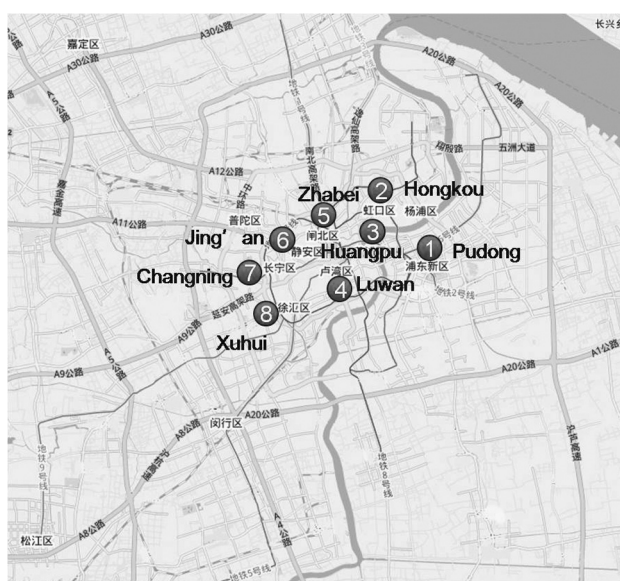
* Refers to the year on year change of the stated period in the table.

5.2 Grade-A Office

5.2.1 Stock Distribution & Characteristics of Major Business District

There are currently eight major office precincts in Shanghai, scattered across Shanghai's urban core districts, with a combined Grade-A office stock amounting to 5.7 million sq.m. (GFA) as at end of 2009. Four of these eight precincts, namely Lujiazui (also known as Pudong), Huangpu, Luwan and Jing'an commercial hubs (highlighted in Figure 5.2.1), generally known as the Central Business District (CBD), contain the highest concentration of Grade A offices, contributing about 68% (3.8 million sq.m.) of total Grade-A office space in Shanghai.

Figure 5.2.1 Major Office Precincts in Shanghai



Source: DTZ Consulting, December 2009

Figure 5.2.2 Shanghai Grade-A Office Market Statistics

District	Total stock (sq.m., GFA)	Average Effective Rental (RMB/sq.m./day)	Q-o-Q (Q3/Q4 2009) Rent change (%)
Pudong	2,067,806	6.36	-3.64
Hongkou	76,000	4.5	-20.21
Huangpu	748,469	5.92	-10.71
Luwan	471,766	7.23	-9.17
Zhabei	184,286	4.00	16.62
Jing'an	586,054	7.45	-10.56
Changning	942,782	5.09	-14.88
Xuhui	601,753	6.57	-6.88
Overall	5,678,916	6.20	-10.1

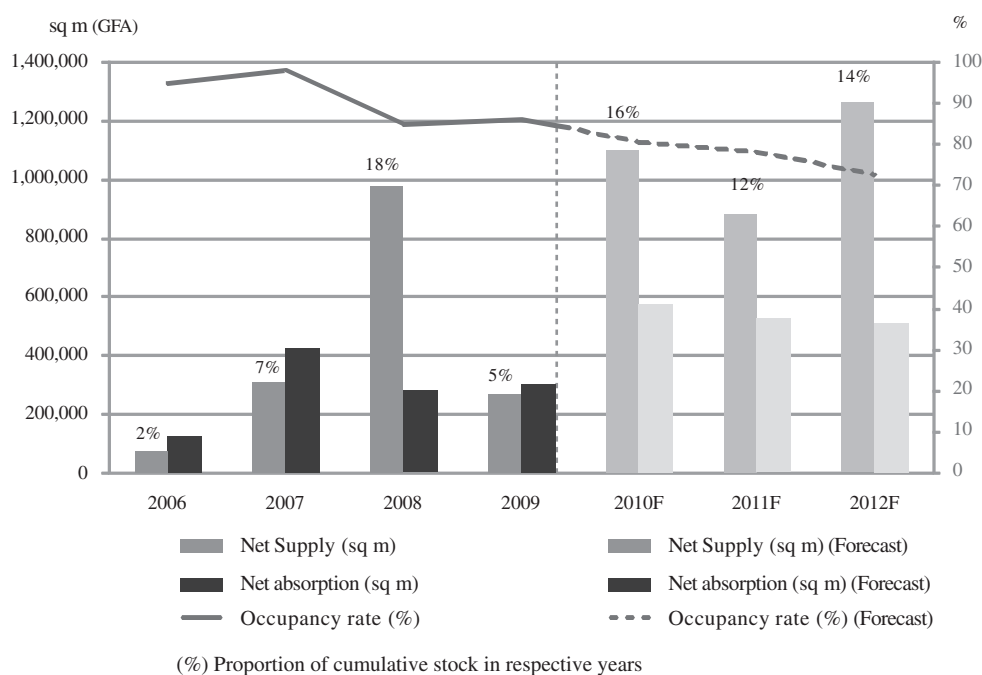
Source: DTZ Research

5.2.2 Supply, Demand and Occupancy

For the whole of 2009, Grade-A office new supply amounted to 267,263 sq.m., or 5% to the cumulative stock in that year and 10% to the current total stock, which was the lowest annual supply volume since 2007 as some buildings had their completion times postponed as developers adopted a “wait-and-see” attitude in 2008 as a result of the global financial crisis.

Demand and occupancy in the Grade-A office market reduced significantly in 2008 and the situation of Grade-A office supply outstripping demand re-appeared for the first time since 2006, as developers lost confidence in the property market in the gloomy economic situation in the second half of 2008. However, with the economy recovering from the second half of 2009 and landlords granting allowances and rent free periods to new tenants, the situation rectified in 2009 as city-wide Grade-A office occupancy increased to 86.2% at the end of 2009, reflecting that occupational demand and companies’ confidence in the Shanghai economy has returned after remaining relatively weak since 2008.

Figure 5.2.3 Grade-A Office Supply, Demand, and Occupancy



Source: DTZ Consulting, December 2009

The economy is expected to continue to recover in the near term and demand for Grade-A offices will continue to rise due to positive sentiment and a spike in confidence among investors and businesses. Nevertheless, a total of 3.2 million sq.m. of GFA of office space will enter the major office precincts in the next three years and a supply exceeding demand situation may occur during this period. The majority of this new supply will be provided in Lujiazui (40%) and Hongkou (17%), which are planned as the financial center and shipping hub of Shanghai respectively. Supply will be relatively low in the other traditional office precincts within the CBD such as Jing’an, Huangpu and Luwan, due to limited land availability, together they will provide a total of 787,000 sq.m. future Grade-A office supply (equivalent to 25% and 18% of total future supply in the major office precincts and Shanghai City respectively) in the next three years.

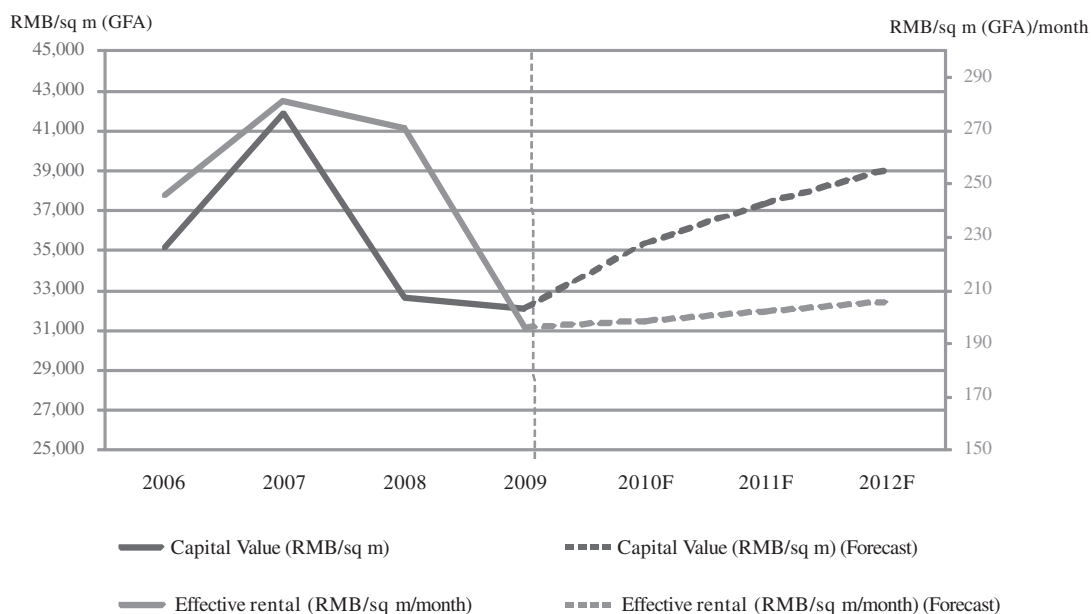
5.2.3 Rental and Capital Values

Both rent and the price of Grade-A office space fell rapidly in 2008 as a result of the global financial crisis, which led to weak occupational demand. In addition, the falling city-wide occupancy pushed landlords to reduce rents in order to attract or retain tenants. However, both rental and price declines started to moderate in 2009, when occupational demand picked up on the back of economic recovery. Jing'an district, being located in the city core, remains the district enjoying the highest rental and capital value levels, achieving average rental at RMB227/sq.m./month as at the end of 2009, which is 116% higher than the city average.

It is anticipated that demand for Grade-A office space will remain strong in the next few years on the back of economic recovery and Shanghai's positioning as an International Finance Center. On this basis, rent is expected to continue to grow over the next few years, but at a slower rate due to the relatively large volume of future supply coming onto the market over the three years.

Despite the return of growth in capital values in 2009, the capital values remain below those of 2006 which makes Grade-A office buildings attractive to potential investors who have increased their risk appetites. In particular, ten Grade-A en-bloc office deals were completed in the second half of 2009 alone. In addition, due to the limited stock of Grade-A office available for sales, it is anticipated that growth in capital values will pick up at a greater rate than that of rentals over the next few years. In addition, traditional CBD districts with limited future supply as such as Jing'an and Huangpu will enjoy a faster acceleration in both rental and capital values in the years to come. Gross yield is expected to remain within a 6%-7% range over the next few years.

Figure 5.2.4 Grade-A Office Effective Rental & Capital Value



Source: DTZ Consulting, December 2009

5.2.4 General Market Outlook and Potential Opportunities

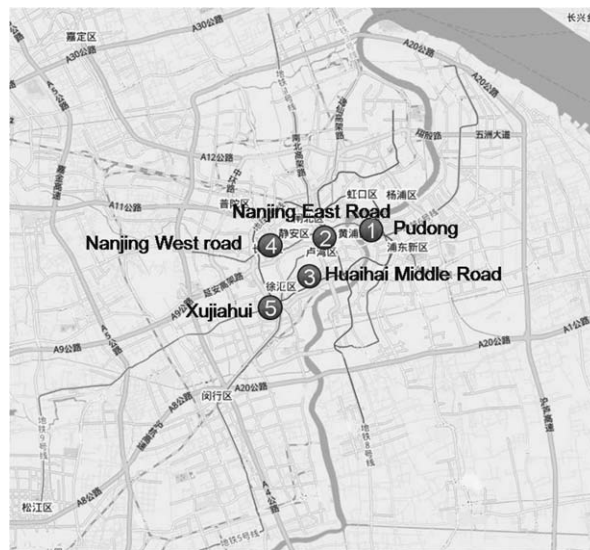
The economy is expected to continue to recover in the near term and demand for Grade-A offices will continue to rise on the back of improving economic conditions, a rise in confidence among investors and businesses, and the continued attractiveness of Shanghai to MNCs and other enterprises in search of high quality office space. With this positive trend, rent and price for Grade-A office space will continue to grow, although at a relatively low but steady rate, notwithstanding the large impending Grade-A office supply over the next three years.

5.3 Prime Retail

5.3.1 Stock Distribution & Characteristics of Major Retail Districts

By the end of 2009, there was approximately 4 million sq.m. in NFA of prime retail space in Shanghai, of which 1.8 million sq.m. in NFA is located within the five key retail precincts, namely West Nanjing Road (Jing'an district); East Nanjing Road (Huangpu district); Huaihai Middle Road (Luwan district); Xujiahui (Xujiahui district); and Yaohan (Pudong district). Pudong district has the largest area of prime retail space in Shanghai, at approximately 30%.

Figure 5.3.1 Key Retail Precincts in Shanghai



Source: DTZ Consulting, December 2009

Figure 5.3.2 Shanghai Prime Retail Statistics

District	Total stock (sq.m., NFA)	New supply (sq.m., NFA)	Average First Floor Asking Rental (RMB/ sq.m./ day)	Q-o-Q (Q3/Q4 2009) change in rent (%)
Pudong	541,000	—	35.1	10.63
Nanjing East Rd.....	360,128	—	50.9	6.74
Huaihai Middle Rd.....	368,792	—	39.7	-3.16
Nanjing West Rd.....	285,895	—	74.0	1.64
Xujiahui.....	245,000	—	61.2	2.83
Overall.....	1,800,815	53,000	50	3.56

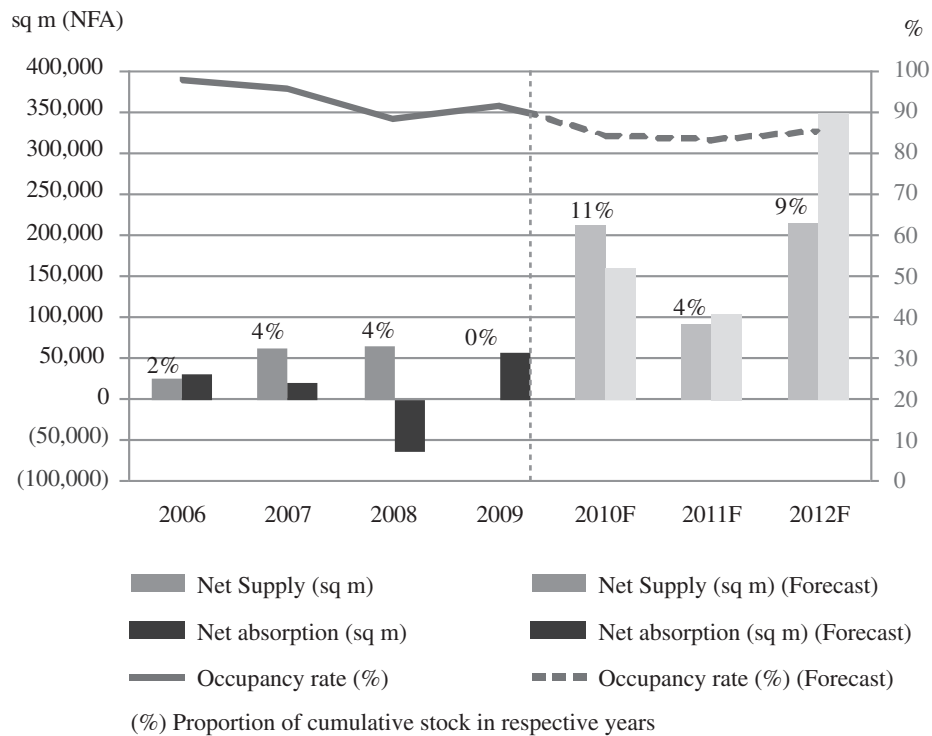
Source: DTZ Research

5.3.2 Supply, Demand, and Occupancy

Approximately 1.9 million sq.m. in NFA of prime retail space is expected to be completed in the next few years, of which 0.5 million sq.m. lies within the five key retail districts. A majority of the potential new supply is expected to complete between 2010 and 2012 (inclusive). These new retail projects are likely to intensify competition for tenants and will lead to a drop in occupancy rates in 2010. However, the new supply is expected to be absorbed by the market in line with demand arising from improving economic conditions, thus prompting occupancy to stabilise beyond 2010. It is worth mentioning that most of the new prime retail supply will be in Pudong district, where the Lujiazui office precinct is located. In addition, most of these new retail projects will be part of a comprehensive mixed use development in order to support the business environment and future employment population of the district.

International luxury brands have flourished in Shanghai over the past few years. The increasing number of expatriates living in Shanghai will continue to bring demand for a variety of international and luxury brands, entertainment and food and beverage offerings. The launch of new supply of retail space in the future, if in the right location and having an appropriate trade mix, is expected to attract demand from international retailers.

Figure 5.3.3 Prime Retail Supply, Demand, and Occupancy

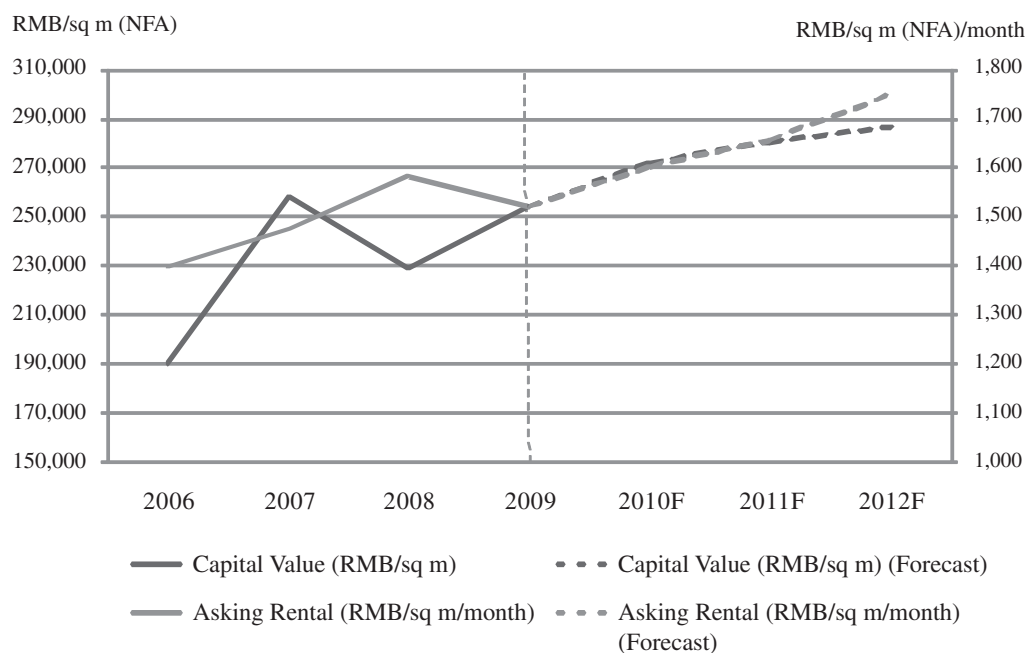


Source: DTZ Consulting, December 2009

5.3.3 Rental and Capital Values

Given the demand drivers described above, rent is expected to continue to grow in tandem with economic growth in the longer term. In addition, the completion of new shopping mall projects, which are typically of higher quality, will contribute to a higher rental in the medium to long term. Nonetheless, in 2010, due to the introduction of a large volume of new retail space supply, rental growth will slow before picking up again from 2011.

Capital values will continue to rise steadily in the coming few years due to an improving overall real estate market and a positive outlook on the prime retail market in Shanghai. However, rentals are expected to rise faster than capital values. A large proportion of the new supply will come from high quality projects by Hong Kong developers which are expected to be part of integrated mixed use developments. Since this supply is expected to be for rental only, it will accelerate the growth in rentals. Gross yield is expected to range around 7% over the next few years.

Figure 5.3.4 First Floor Asking Rental & Capital Value for Prime Retail

Source: DTZ Consulting, December 2009

5.3.4 General Market Outlook and Potential Opportunities

The outlook for the prime retail real estate market in Shanghai is positive and the stable growth in disposable income will continue to drive demand for luxury product expenditure and prime retail space.

The potential opportunities in the market include the following:

Shanghai's status as the main financial centre in China is expected to bring with it a growing expatriate population and business travelers. Coupled with continued growth in disposable income, it is expected that more international luxury brands will be attracted to open flagship stores in Shanghai, in particular within the city centre.

World Expo 2010 is another key incentive for retailers to stay in the city centre. The exhibition acts as a showcase to attract new international brands to enter the Shanghai market which will also spur demand for high quality retail space in core districts.

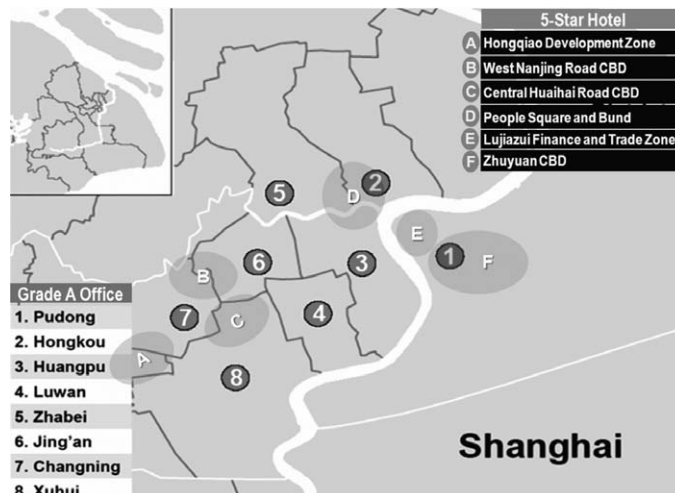
Ongoing urbanisation is expected to create demand for retail space in emerging suburban districts.

5.4 5-Star Hotel and Serviced Apartment

5.4.1 Stock Distribution

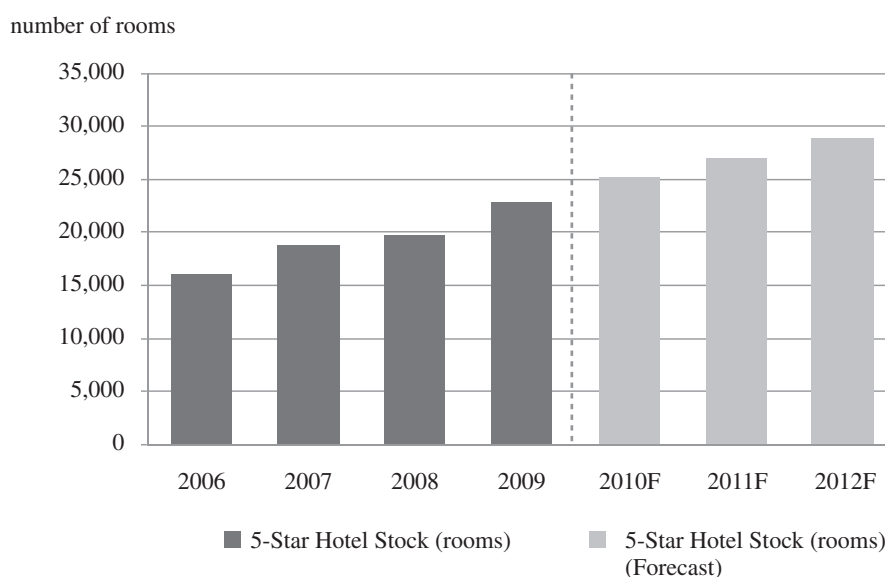
As at the end of 2009, there were a total of 22,797 5-star hotel rooms and 547 serviced apartment units in Shanghai (Figure 5.4.2 refers). Shanghai's 5-star hotels are concentrated within the core districts and around major business districts.

Figure 5.4.1 Stock Distribution of 5-Star Hotels



Source: DTZ Consulting, December 2009

Figure 5.4.2 Cumulative Stock of 5-Star Hotels



Source: DTZ Consulting, December 2009

5.4.2 Supply, Demand, and Occupancy

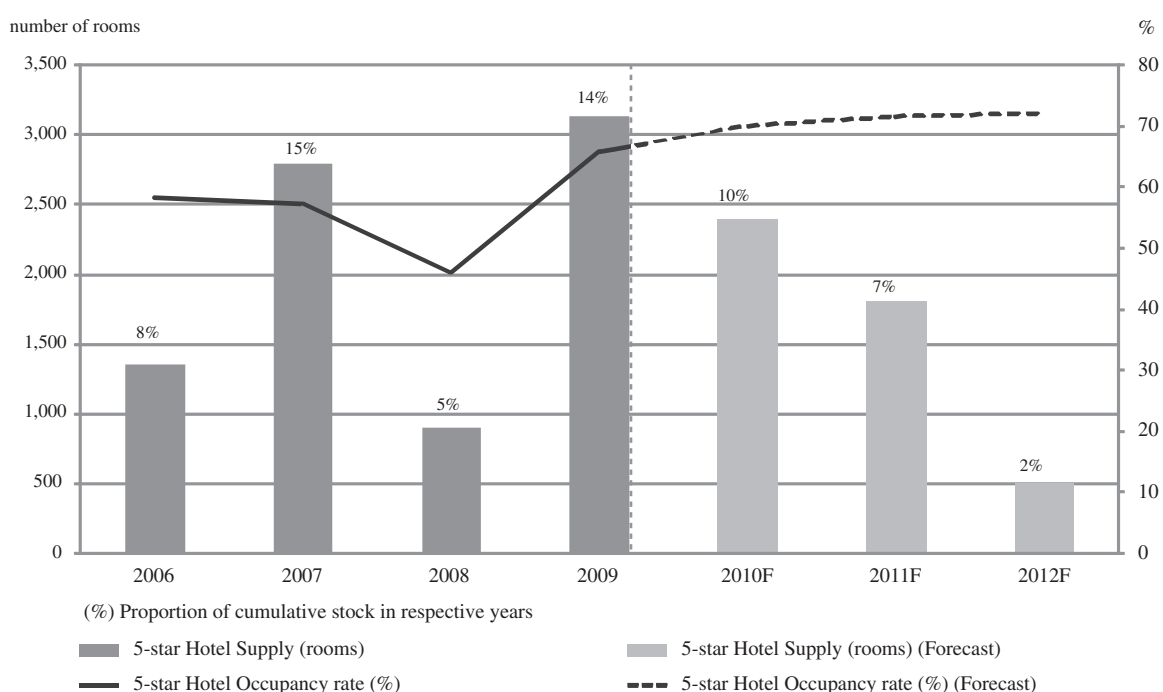
A total of 5,052 of 5-star hotel rooms entered the market between 2006-2008 and another 3,129 rooms entered the market in 2009, with a majority planning to be operational before May 2010, in order to capitalise on the opportunities that the World Expo will bring to their businesses.

Occupancy maintained above the 55% level in 2007 despite a surge in new supply of 5-star hotel rooms (a total of 2,796 rooms) in the same year, reflecting a strong demand for high quality hotels in Shanghai from more sophisticated tourist groups. However, the occupancy rate dropped rapidly to 46%

in 2008 as a direct result of the global financial crisis, which led to a significant reduction in business travellers numbers. Occupancy picked up again in 2009, reaching the highest level since 2006, at 66%, despite the introduction of another 3,129 new 5-star hotel rooms onto the market, again reflecting strong demand for 5-star hotel rooms.

It is estimated that around 7 million visitors will flood into Shanghai for the World Expo event this year (from May to October), and that demand will continue to grow into the second half of 2010. As many hotel operators have already entered the city in preparation for the World Expo, growth in supply of 5-star hotel rooms will drop steadily over the next few years thereafter but demand will continue to be strong, even after the World Expo event, and occupancy rates are expected to continue to rise above the 70% level from May 2010.

Figure 5.4.3 5-Star Hotel Supply and Occupancy



Source: DTZ Consulting, December 2009

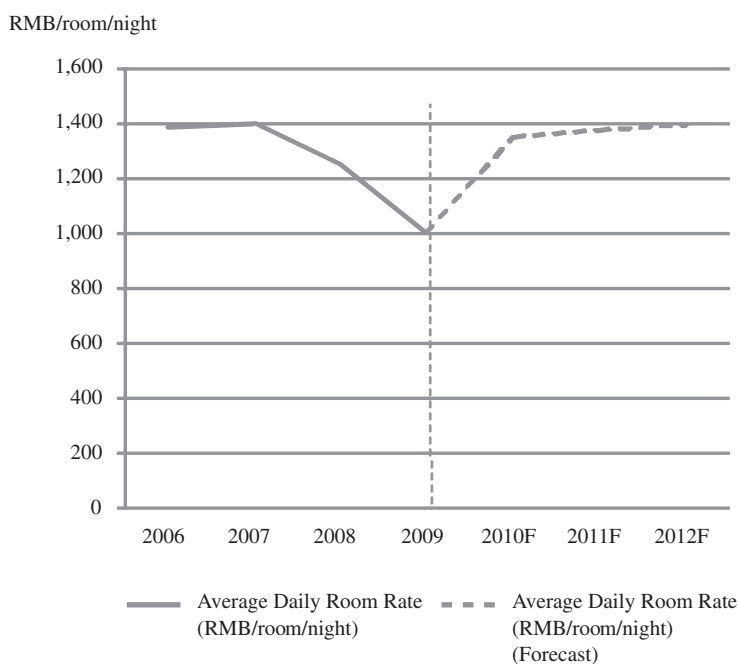
There has not been any new supply in serviced apartment units as part of 5-star hotel developments since 2002 and as such, the serviced apartment market has been relatively stable over the past three years, reaching an average 73% occupancy rate as at the end of 2009. Another style of serviced apartment has emerged in the Shanghai market since the 1990s in the form of luxury residential products which are becoming increasingly popular in the market. It is estimated that demand and occupancy of the subject serviced apartment market will continue to remain stable for the few years to come.

5.4.3 Room Rate and RevPAR of Hotel and Serviced Apartment

The average daily room rate of Shanghai’s 5-star hotels has been falling at a rapid rate since 2008, primarily due to increased supply and competition in the market as well as the impact of the global financial crisis in 2008. The average daily room rate bottomed in 2009, recording

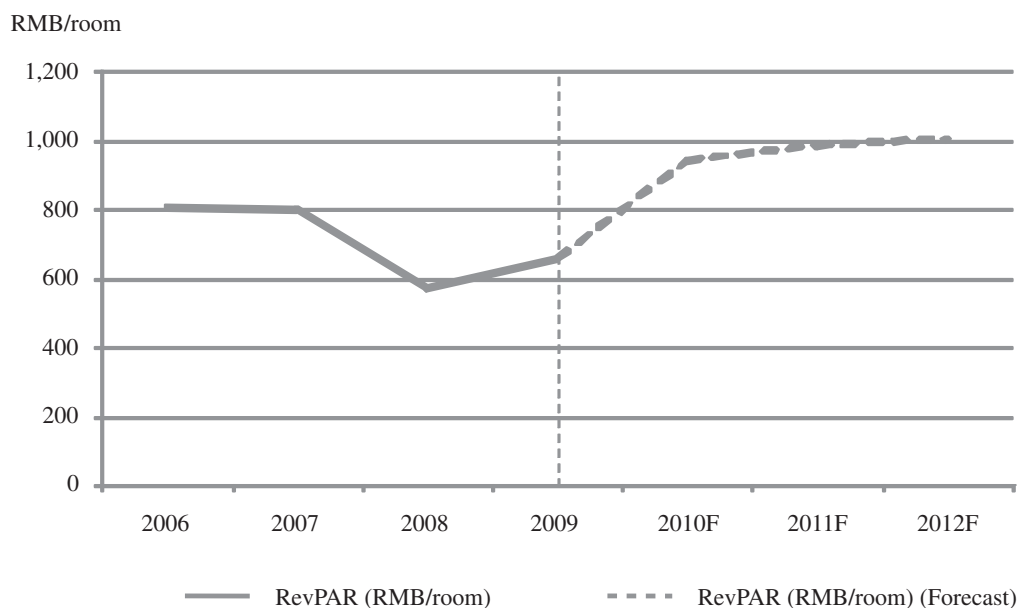
RMB1,001/room/night, representing a year on year fall of 22% despite a jump in occupancy rate, reflecting the hotels are willing to lower average daily room rate in order to establish and secure their market share against their competitors. As a result, RevPAR of 5-star hotels remained below the RMB800/room level achieved in 2006 and 2007. With the World Expo opening in May 2010, the average daily room rate and RevPAR in Shanghai 5-star hotels will pick up rapidly before stabilising from 2011.

Figure 5.4.4 Average Daily Room Rate of 5-Star Hotels



Source: DTZ Consulting, December 2009

Figure 5.4.5 RevPAR of 5-Star Hotels



Source: DTZ Consulting, December 2009

5.4.4 General Market Outlook and Potential Opportunities

Robust economic growth and active cross-border investment activities, healthy convention and exhibition demand as well as leisure demand are expected to continue to drive demand for 5-star hotel rooms in Shanghai. As the supply of new hotels will decrease steadily in the coming years after World Expo, it is expected that hotel operators will begin to focus on increasing their average daily room rate to enhance their overall profitability over the next two to three years.

6.0 CITY REPORT: GUANGZHOU

6.1 City's Characteristics

Guangzhou is one of the three major cities located in China's richest area, the Pearl River Delta region. The city is a major manufacturing, trading and logistics hub, and hosts a number of very important trade fairs, which help to underpin the hotel market. As a provincial capital, clusters of companies servicing the various arms of government are important users of office space.

As shown in Figure 6.1.1, Guangzhou's GDP from Q1 2009 to Q3 2009 expanded by 10.5% year on year to RMB638.6 billion following an 8.5% expansion in the period from Q1 2009 to Q2 2009. Growth was mainly driven by the tertiary industry sector, which expanded by 8.6% year on year from January to October 2009, a growth rate of 0.8 percentage points when compared with the period from Q1 2009 to Q3 2009.

The continued growth in the tertiary industry sector and actual utilised FDI in Guangzhou, which grew by 6.4% Y-o-Y (Jan-Sept 2008/2009), reflects that while the city has been one of the most important trade centres since the economic reforms began, with goods production in the Pearl River Delta heavily reliant on exports and with an under-represented domestic retail sector, the city's economic structure is shifting from production oriented to service oriented. People's lifestyles are also changing, with more local and international retailers entering the city, and developers meeting the need for a better quality shopping experience, in particular with the development of a number of high quality shopping malls.

Figure 6.1.1 Guangzhou Economic Indicators

Indicator	Period	Unit	Value	Change** Y-o-Y (%)
GDP.....	Jan-Sept 2009	RMB 100 million	6,386	10.5
Total Export.....	Jan-Oct 2009	RMB 100 million	298.0	-18.1
Tertiary Industry GDP.....	Jan-Oct 2009	RMB 100 million	10,112	8.6
Disposable Income Per Capita.....	Jan-Sept 2009	RMB	21,018	9.3
FDI Utilized	Jan-Oct 2009	USD 100 million	35.6	6.4
Fixed Asset Investment	Jan-Oct 2009	RMB 100 million	1,789	23.4
Consumer Price Index	Jan-Oct 2009	—	97.0	-3
Visitor Arrivals* (domestic)	2008	Million	35.3	7

*Only Visitors staying overnight.....

Source: Guangzhou Statistics Bureau

** Refers to the year on year change of the stated period in the table.

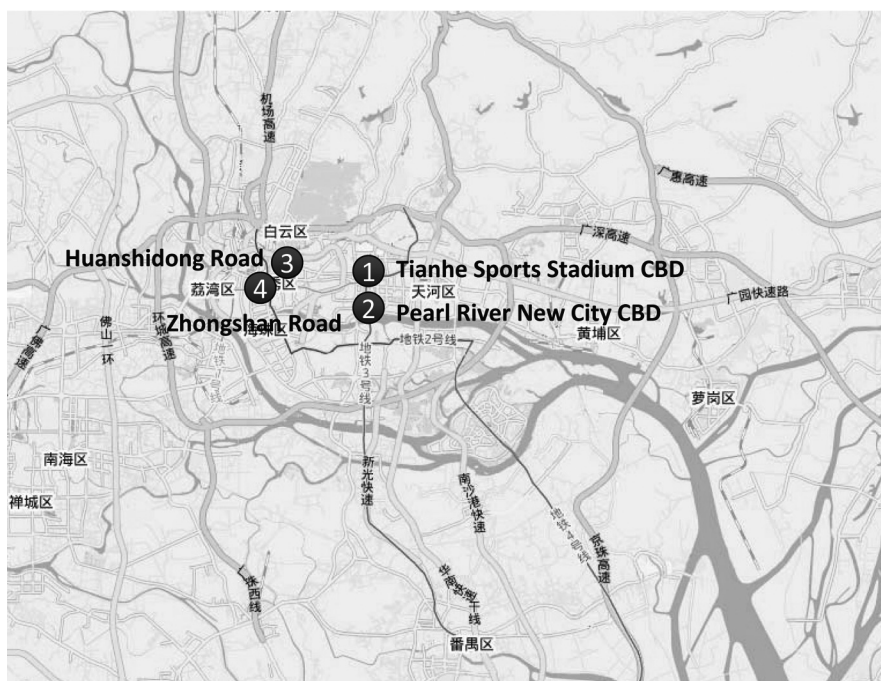
The opening of six subway lines in Guangzhou before the Asian Games in November this year will strengthen the connection between the outer suburbs and the city center. In addition to subway development, construction of the Guangzhou section of the Guangming Expressway has commenced in December 2009, which will reduce the travelling time between Foshan and Guangzhou city centre. The above infrastructure improvements will facilitate more people movements between the two cities, directly benefiting the prime retail sector, as such improved accessibility will increase the catchment area and size of Guangzhou's prime retail projects.

6.2 Grade-A Office

6.2.1 Stock Distribution & Characteristics of Major Business District

There are four major office precincts in Guangzhou, providing a total of 1.8 million sq.m. in GFA of Grade-A office space. Guangzhou's major office precinct is Tianhe Sports Stadium CBD, which was developed in the 1990s, and now holds 49% of the City's total Grade A office stock, with a number of major developments clustered around the Guangzhou East Railway Station. The newer Pearl River New City CBD, which will be the location of the new Government Headquarters, has been developing quickly, and now hosts 20% of the city's office stock, with the balance mostly in the Dongshan and Yuexiu districts.

Figure 6.2.1 Guangzhou Grade-A Office Distribution



Source: DTZ Consulting, December 2009

Figure 6.2.2 Grade-A Office Market Statistics

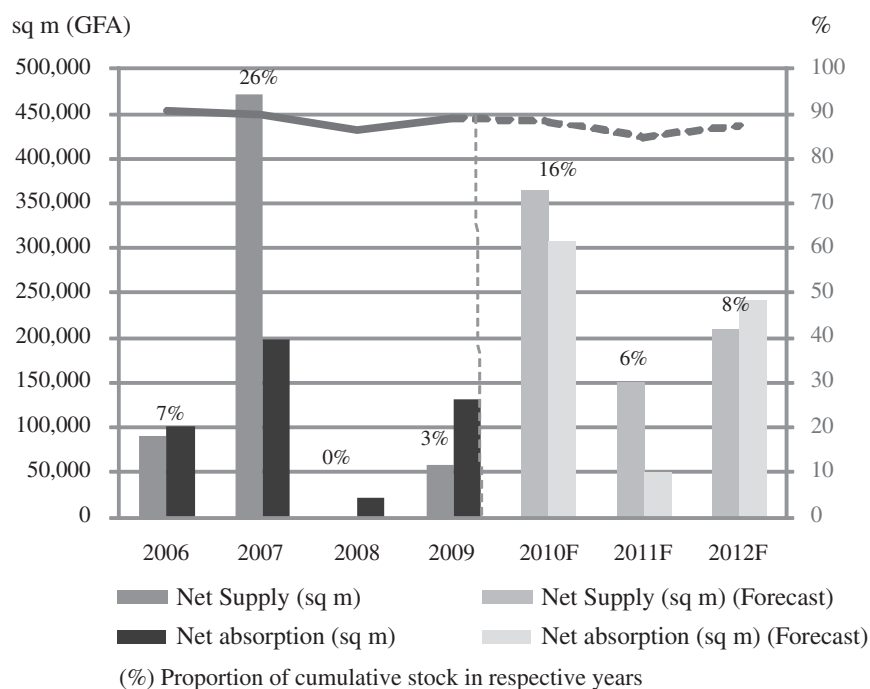
District	Total stock (sq.m., GFA)	Effective Rent (RMB/sq.m./month)	Q-o-Q (Q3/Q4 2009) Rent change (%)
Tianhe Sports Stadium CBD.....	910,200	125.2	3.2
Pearl River New City CBD	369,700	125.8	-2.8
Dongshan.....	440,600	94.5	-1.6
Yuexiu	126,400	94.8	0
Overall.....	1,846,900	115.9	1.1

Source: DTZ Research

6.2.2 Supply, Demand, and Occupancy

Guangzhou’s office supply has grown rapidly as the city transforms from a manufacturing centre into a services hub. Demand for space in the Tianhe Sports Stadium CBD and Pearl River New City CBD continued to be strong. Substantial amounts of new Grade-A office space will enter the market in the next few years, and city-wide average occupancy rates will trend downwards. However, as most of the future new supply will be concentrated in Pearl River New City CBD, the surge in future supply will have minimal impact on the performance of the other more mature office precinct, Tianhe Sports Stadium CBD, with demand remaining strong in light of relatively low future supply.

Figure 6.2.3 Grade-A Office Supply, Demand and Occupancy

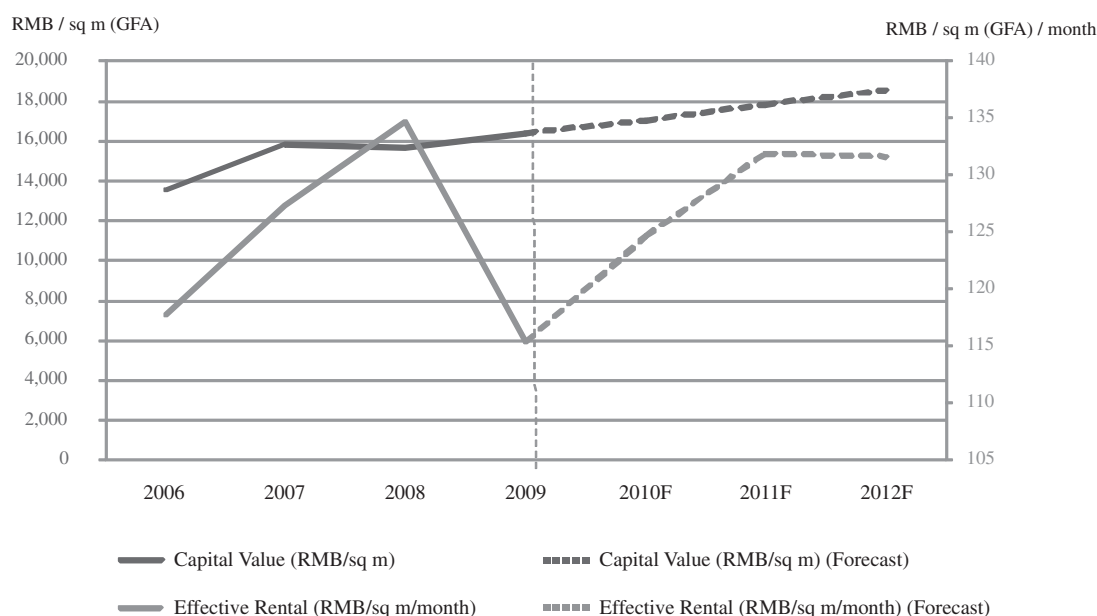


Source: DTZ Consulting, December 2009

6.2.3 Rental and Capital Values

With Guangzhou’s export oriented economy impacted by the global financial crisis, rents fell significantly in 2009, as tenants either scaled back operations or in some cases went into liquidation. Tianhe Sports Stadium CBD and Pearl River New City CBD remained the top two districts with the highest rent level, at approximately RMB125/sq.m. (GFA)/month as at the end of 2009, compared with the city average of RMB115. As the economy appears to be rebounding quickly, rents are expected to rise in the coming years, although the large volume of new supply will put a ceiling on rent rises, which will keep average rents below the 2008 peak for the foreseeable future. Nevertheless, rent for Tianhe Sports Stadium CBD is expected to rise at a greater rate than Pearl River New City CBD as future supply is comparatively low and landlords will have an advantage as demand continues to be strong in that district. Gross yield for city-wide Grade A office market is expected to rise slightly from 8% to 9% in the few years.

Figure 6.2.4 Grade-A Office Effective Rent and Capital Value



Source: DTZ Consulting, December 2009

6.2.4 General Market Outlook and Potential Opportunities

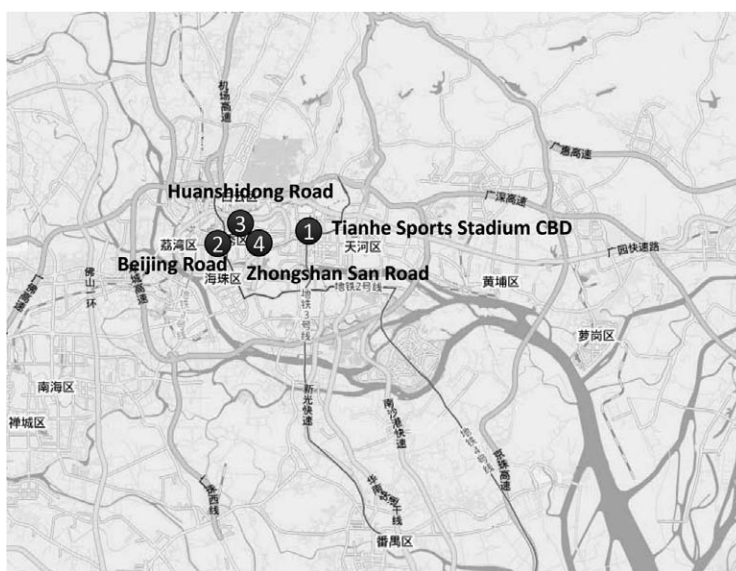
Going forward, Guangzhou will see significant new office supply coming on stream which may threaten to lift the vacancy rate, unless the economic recovery gathers steam. Given that the new office buildings are of a high quality, rentals are likely to rise even in the face of higher vacancy, especially for other mature office precincts such as Tianhe Sports Stadium CBD, which will have limited future supply.

6.3 Retail

6.3.1 Stock Distribution & Characteristics of Major Retail Districts

There are four major retail precincts in Guangzhou, providing a total of 604,000 sq.m. in NFA of prime retail stock as at end of 2009. There is a fifth emerging retail precinct in Pearl River New City CBD due to its large future supply in response to the relocation of Government functions into this district. The city's total retail turnover is the third highest in China, behind Shanghai and Beijing, but compared to those two cities, the retail space is relatively underdeveloped. This is beginning to change as major developers, notably from Hong Kong, expand into the market with high quality shopping malls.

Figure 6.3.1 Prime Retail Distribution in Guangzhou



Source: DTZ Consulting

Figure 6.3.2 Prime Retail Statistics

District	Total stock (sq.m.)	Rental range (RMB/sq.m./month)
Tianhe Sports Stadium CBD.....	336,000	500-2,000
Beijing Road.....	115,000	600-1,400
Huanshidong	33,000	550-1,800
Zhongshan San Road.....	120,000	700-1,800
Overall	604,000	600-1800

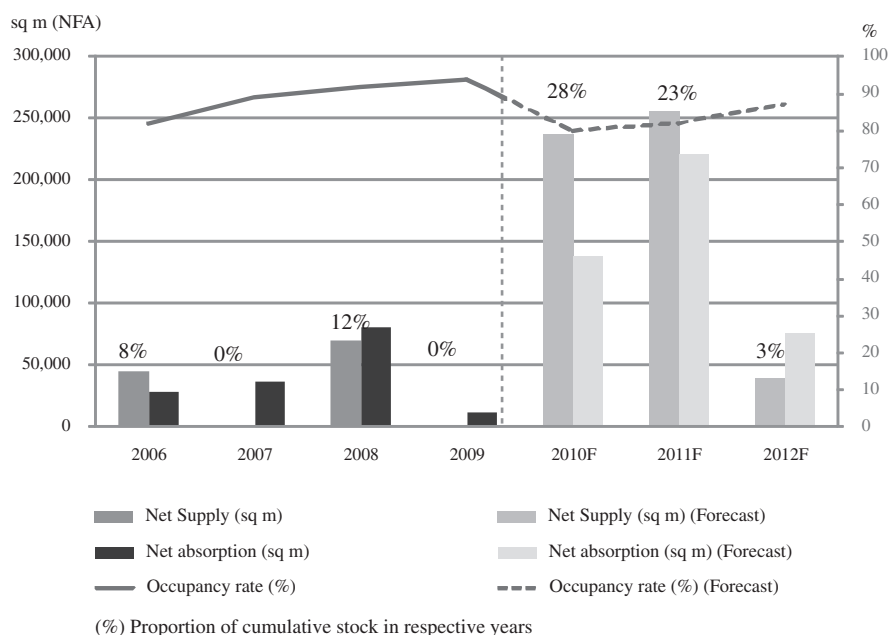
Source: DTZ Research

6.3.2 Supply, Demand, and Occupancy

With the opening of a number of major mall projects in Guangzhou over the coming few years, Guangzhou will experience a glut of retail supply as a total of 531,000 sq.m. in NFA (or 88% increase in existing stock volume) will be released into the four major retail precincts over the next few years. 54% of this new supply will be located in Pearl River New City CBD. Traditional city centers such as Tianhe Sports Stadium CBD will remain popular for prime retail but, with limited land availability, future supply will be scattered around the precinct, contributing to approximately 18% of total future supply. Based on the above, it is expected that occupancy rates will fall in the precinct with large future supply (i.e. Pearl River New City CBD).

Nevertheless, given the attractiveness of Guangzhou as a market which is rapidly catching with the retailing scene in other Tier 1 cities, it is expected that demand will continue to be strong over the next three years, and vacant spaces in the current market will be fully absorbed.

Figure 6.3.3 Prime Retail Supply, Demand and Occupancy

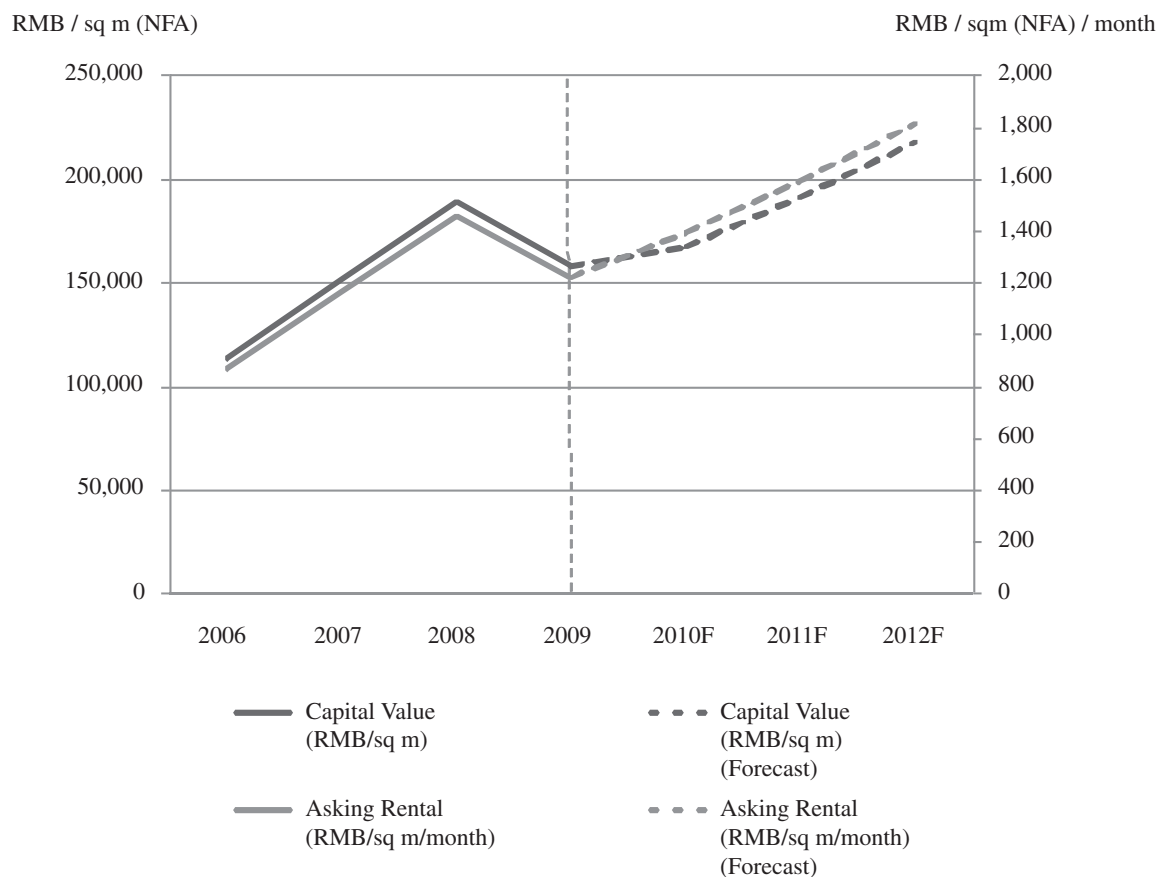


Source: DTZ Consulting, December 2009

6.3.3 Rental and Capital Values

The anticipation of new supply and concerns over the economy in 2009 saw rentals and capital values fall. With the economy recovering strong rental growth is anticipated in the next few years. This strong growth in average values masks a trend towards tenants seeking out newer, higher quality product retail outlets, which will leave some older retail centres to deal with falling rents and occupancy. Gross yield is expected to slowly rise to 10% over the next few years.

Figure 6.3.4 First Floor Asking Rental and Capital Value for Prime Retail



Source: DTZ Consulting, December 2009

6.3.4 General Market Outlook and Potential Opportunities

The general outlook is moderately optimistic for the city’s retail market, but with concerns for existing operators of poor quality stock in the face of substantial new supply. This will provide scope for investors and quality developers to redevelop existing sites.

6.4 5-Star Hotel and Serviced Apartment

6.4.1 Stock Distribution

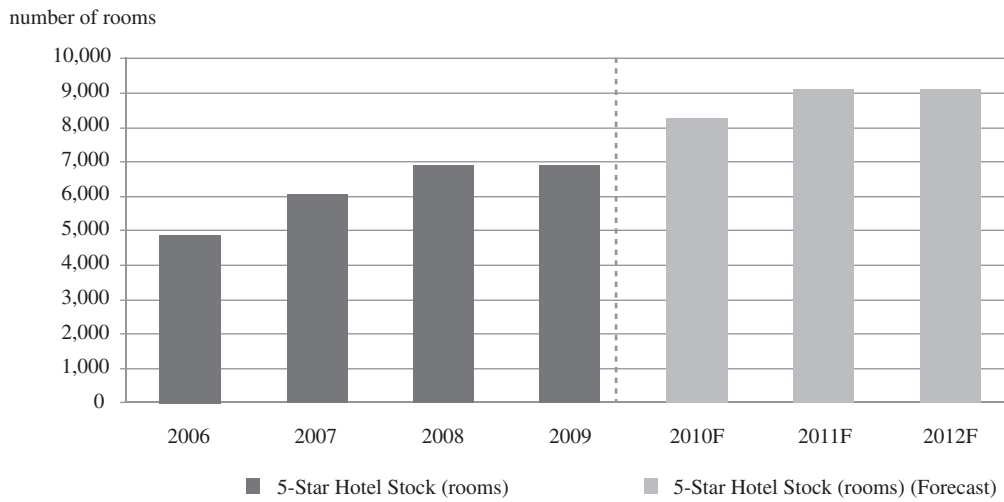
As at the end of 2009, there were 6,901 5-star hotel rooms in Guangzhou. The city’s 5-star hotel market is driven by the needs of business customers, given the city’s role as one of the world’s major export and manufacturing hubs. The city hosted the first 5-star hotel in Mainland China, and in the past few years the stock of 5-star hotels has grown, particularly as a result of upgrading of existing stock as more global and national 5-star chains open properties in the city. The 5-star serviced apartment market is relatively new to the city, and there are currently fewer than 500 rooms in the city.

Figure 6.4.1 Stock Distribution of 5-star Hotel in Guangzhou



Source: DTZ Consulting, December 2009

Figure 6.4.2 Cumulative Stock of 5-star Hotels in Guangzhou



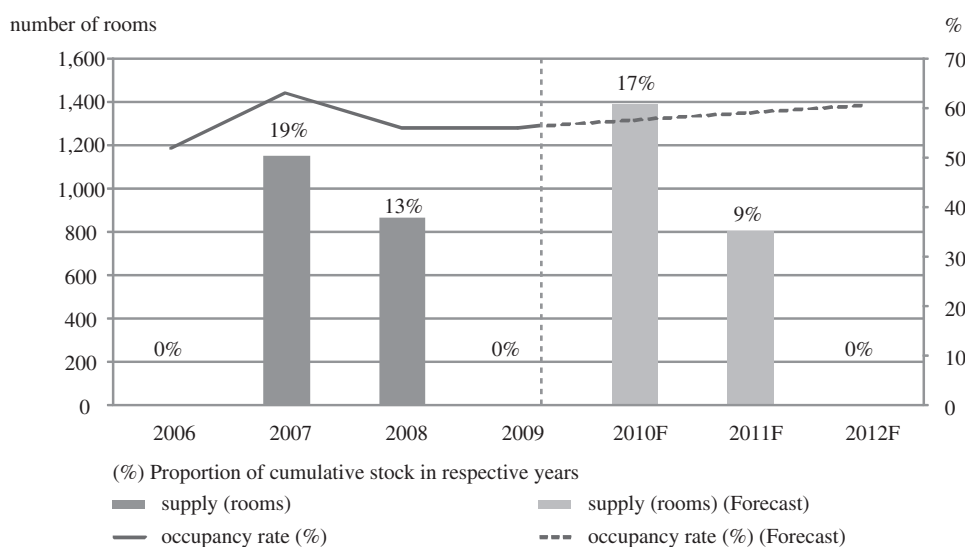
Source: DTZ Consulting, December 2009

6.4.2 Supply, Demand, and Occupancy

Total occupancy rates are a little over 50%, as with operators seeing China as an important long term growth market they are prepared to operate properties at relatively low occupancy rates.

Occupancy rates (averaging 56% for hotels and 65% for serviced apartments) were relatively stable during the year, and with new supply (a total of 2,192 rooms) continuing to come on stream to prepare for the Asian Games to be held in Guangzhou in November this year, the average occupancy rate is likely to improve in the near future, before rising towards 60% level in 2012 when future supply begins to taper off after 2010. Future supply of 5-star hotels will concentrate in the two CBDs, being Pearl River New City CBD and Tianhe Sports Stadium CBD.

Figure 6.4.3 5-Star Hotel Supply, Demand and Occupancy



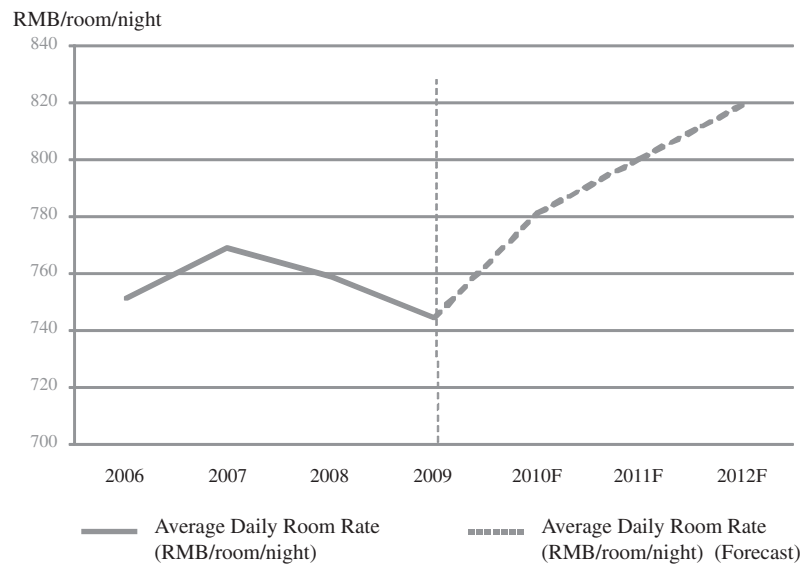
Source: DTZ Consulting, December 2009

6.4.3 Hotel Room Rate and RevPAR in 5-star Hotels

Given the persistently low occupancy rates, and the forecast new supply, there has been intense pressure on room rates for 5-star hotels in the city. With the city’s hotels catering mostly to business travelers, and with firms looking to cut travel costs during 2009, it is unsurprising that both average daily room rate and RevPAR fell to RMB742/night and RMB417/room for hotels respectively.

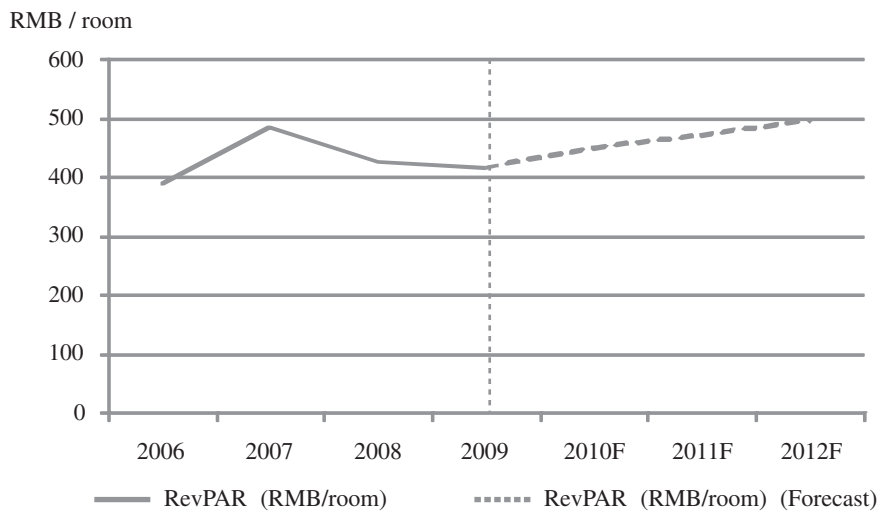
As more international brands enter the market and with some existing stock currently being refurbished, the average daily room rate and RevPAR are likely to begin rising again in 2010 and beyond as the economy recovers.

Figure 6.4.4 Room Rate of 5-Star Hotels



Source: DTZ Consulting, December 2009

Figure 6.4.5 RevPAR of 5-star Hotels



Source: DTZ Consulting, December 2009

6.4.4 General market outlook and Potential Opportunities

With the continued new supply, completion will keep pressure on occupancy rates and RevPAR in the city’s five star hotels. High quality new products targeting business travelers in the Tianhe Sports Stadium CBD and Pearl River New City CBD will become the benchmark for new hotel products in the city.

GLOSSARY**Capital Value**

Gross transacted selling price of a property which excludes agency fees and other outgoings.

Consumer Price Index (CPI)

An inflationary indicator that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation.

Effective Rental

Net transacted rental, exclusive of any rental incentives granted by landlords and/or management fees and other outgoings.

First Floor Asking Rent

The indicative or quoted rent at which a landlord is willing to allow a third party's use of a designated space.

Foreign Direct Investment (FDI)

Foreign direct investment is the investment of foreign assets into a country or city distinct from the investor's country of origin.

Gross Domestic Product (GDP)

A basic measure of a country's overall economic output, i.e. the total market value of all final goods and services produced in a country at market prices in a given year.

Gross Floor Area (GFA)

The area within the perimeter of the outside walls of a building as measured from the inside surface of the exterior walls, with no deduction for hallways, stairs, closets, thickness of walls, columns, or other interior features.

Please note that for the Gross Floor Area measurement of a building in Hong Kong, DTZ, following the Hong Kong Rating and Valuation Department, measures the area to the internal face of the external or party wall only, whilst the Company's definition includes the thickness of the external walls.

Net Absorption

The change in the total of occupied floorspace over a specified period of time, either positive or negative.

Net Floor Area (NFA)

The total usable floor area in a building, excluding the area occupied by walls and partitions, the circulation area (where people walk), and the mechanical area (where there is mechanical equipment).

Net Lettable Area (NLA)

Net Lettable Area of whole floor shall include toilets and lift lobbies but exclude common areas such as lift shafts, stairs, plant rooms and smoke lobbies.

Net Supply

Total marketed floorspace which is ready for occupation in a given year. Ready for occupation means practical completion, where either the building has been issued with an occupancy permit, where required, or where only fit-out is lacking.

Occupancy

Floorspace that is occupied - i.e. vacant and not available for rent or sales in the market.

Per capita GDP

An approximation of the value of goods and services produced per person in the country.

Prime Retail

Retail projects with gross floor area above 20,000sq.m., and which are located in major retail precincts and have a high-end market positioning, judged by the number and reputation of its international retailers.

Revenue per available room (RevPAR)

A ratio used to measure the financial performance of hotels, providing an approximation value of the revenue generated by each room a hotel has sold in a given year.

Room Rate

The average achieved rates charged daily for a hotel room in a given period.

Gross Yield

The annual return an investor could expect for a particular building/unit from rental income. Calculated as annual gross rent (inclusive of non-recoverable expenditure, taxes and other service costs, etc) as a percentage of the capital value of the property.

Serviced Apartment

Apartments which operate as part of a hotel, where one can stay for a flexible time duration, usually from 1 month to a few years.

Stock

Total floorspace, i.e. both occupied and vacant for a particular property sector.

Urbanisation

The social process whereby cities grow by way of migration of rural population into towns and cities.

Vacancy

Floorspace that is empty - i.e. not occupied. It may be being marketed, or it may not (whether because a lessee is not occupying, it is being refurbished, or deliberately being left empty by the landlord).

(a) The Land System of The PRC

All land in the PRC is either state-owned or collectively owned, depending on the location of the land. All land in the urban areas of a city or town is state-owned, and all land in the rural areas of a city or town and all rural land is, unless otherwise specified by law, collectively owned. The state has the right to reclaim land in accordance with law if required for the benefit of the public.

Although all land in the PRC is owned by the state or by collectives, private individuals and businesses and other organisations are permitted to hold, lease and develop land for which they are granted land use rights.

(b) National legislation

In April 1988, the constitution of the PRC was amended by the National People's Congress to allow for the transfer of land use rights for value. In December 1988, the Land Administration Law of the PRC 《土地管理法》 was amended to permit the transfer of land use rights for value.

Under the Interim Regulations of the People's Republic of China on Grant and Transfer of the Right to Use State-owned Urban Land 《城鎮國有土地使用權出讓和轉讓暫行條例》 (“**Interim Regulations on Grant and Transfer**”) promulgated in May 1990, local governments at or above county level have the power to grant land use rights for specific purposes and for a definite period to a land user pursuant to a contract for the grant of land use rights against payment of a grant premium.

Under the Interim Regulations on Grant and Transfer, there are different maximum periods of grant for different uses of land. They are generally as follows:

Use of Land	Maximum Period in Years
Commercial, tourism, entertainment	40
Residential	70
Industrial	50
Public utilities	50
Others	50

Under the Interim Regulations on Grant and Transfer, all local and foreign enterprises are permitted to acquire land use rights unless the law provides otherwise. The state may not reclaim lawfully granted land use rights prior to expiration of the term of grant unless public interest requires repossession by the state under special circumstances, in which case compensation will be paid by the state. A land grantee may lawfully transfer, mortgage or lease its land use rights to a third party for the remainder of the term of grant.

Upon expiration of the term of grant, renewal is possible subject to the execution of a new contract for the grant of land use rights and payment of a premium. If the term of the grant is not renewed, the land use rights and ownership of any buildings erected on the land will revert to the state without compensation.

In accordance with the Regulations on the Grant of State-owned Land Use Rights Through Competitive Bidding, Public Auction and Listing-for-Sale promulgated by the Ministry of Land and Resources 《招標拍賣掛牌出讓國有土地使用權規定》 on 9th May 2002 and implemented on 1st July 2002, and the Urban Real Estate Management Law 《城市房地產管理法》 implemented on 1st January 1995 and amended on 30th August 2007 (the “**Urban Real Estate Law**”), land for commercial use, tourism, entertainment and commodity housing development must be granted by means of competitive bidding, public auction or listing-for-sale.

According to the Regulations on the Grant of State-owned Construction Land Use Rights through Competitive Bidding, Public Auction and Listing-for-Sale 《招標拍賣掛牌出讓國有建設用地使用權規定》 promulgated by the Ministry of Land and Resources on 28th September 2007 and implemented on 1st November 2007, land for industrial use, commercial use, tourism, entertainment, commodity housing development and land which attracts two or more applicants must be granted by means of competitive bidding, public auction or listing-for-sale.

(c) Grant

PRC law distinguishes between the ownership of land and the right to use land. Land use rights can be granted by the state to us to entitle us to the exclusive use of a piece of land for a specified purpose within a specified term and on such other terms and conditions as may be prescribed. A premium is payable on the grant of land use rights. The maximum term that can be granted for the right to use a piece of land depends on the purpose for which the land is used. As described above, the maximum limits specified in the relevant regulations vary from 40 to 70 years depending on the purpose for which the land is used.

Under the Regulations on the Grant of State-owned Land Use Rights Through Competitive Bidding, Public Auction and Listing-for-Sale, competitive bidding of land use rights is where the relevant land administration authority (the “**grantor**”) issues a bidding announcement, inviting individuals, legal persons or other organisations (whether specified or otherwise) to participate in tender for the land use rights of a particular parcel of land, with the land user to be determined according to the results of the biddings. Auction for land use rights is where the grantor issues an auction announcement, and the bidders can at specified time and location openly bid for a parcel of land. Listing-for-sale is where the grantor issues a listing-for-sale announcement, and in accordance with the announcement, the land grant conditions will be listed in a specified land grant exchange within a specified period, bidders’ payment applications will be listed and the land user will be granted according to the bidder’s payment applications at the end of such listing period. The procedures are as follows:

- (i) the land authority under the government of the city and county issues an announcement at least 20 days prior to the day of competitive bidding, public auction or listing-for-sale. The announcement includes without limitation basic particulars of the land parcel, qualification requirements of the bidder and auction applicants, the methods and criterion used to confirm the winning tender or winning bidder and the deposit of the bid;
- (ii) the grantor conduct a qualification verification of the bidding applicants and auction applicants and instructs the applicants who satisfy the requirements of the announcement to attend the competitive bidding, public auction or listing-for-sale;

- (iii) after determining the winning tender or the winning bidder by holding a competitive bidding, public auction or listing-for-sale, the grantor and the winning tender or winning bidder then enter into a confirmation. The grantor refunds the other applicants their deposits;
- (iv) the grantor and the winning tender or winning bidder then enter into a land use right grant contract at the time and venue set in the confirmation. The deposit of the bid paid by the winning tender or winning bidder is deemed as part of the assignment price of the state-owned land use rights; and
- (v) the winning tender or winning bidder applies for the land registration after paying the assignment price. The people's government of the municipality and county level or above then issues the "Land Use Rights Certificate".

The Regulations on the Grant of State-owned Construction Land Use Rights through Competitive Bidding, Public Auction and Listing-for-Sale further emphasised that the winning tender or winning bidder must apply for the land registration after paying the entire premium, in accordance with the State-owned Construction Land Use Rights Assignment, before obtaining the State-owned Construction Land Use Rights Certificate. If the winning tender or winning bidder does not pay the entire assignment price, it will not be granted the state-owned construction land-use right certificates. Proportional division and grant of the state-owned construction land-use right certificates corresponding to the amount of the assignment price paid is not allowed.

In June 2003, the Ministry of Land and Resources of the PRC promulgated the Regulation on Transfer of State-Owned Land Use Rights by Agreement 《協議出讓國有土地使用權規定》. According to this regulation, if there is only one entity interested in using the land, the land use rights (excluding land use rights used for business purposes including commercial, tourism, entertainment and commodity residential properties) may be granted by way of agreement. The local land bureau, together with other relevant government departments including the city planning authority, will formulate a plan concerning issues including the specific location, boundary, purpose of use, area, term of grant, conditions of use, conditions for planning and design as well as the proposed land premium, which shall not be lower than the minimum price regulated by the state, and submit such plan to the relevant government for approval. Afterwards, the local land bureau and the person who is interested will negotiate and enter into the grant contract based on the above-mentioned plan. If two or more entities are interested in the land use rights to be granted, such land use rights shall be granted by means of tender, auction or listing-for-sale.

Upon signing the land grant contract, the grantee is required to pay the land premium pursuant to the terms of the contract and the contract is then submitted to the relevant local bureau for the issue of the land use right certificate. Upon expiration of the term of grant, the grantee may apply for its renewal. Upon approval by the relevant local land bureau, a new contract is entered into to renew the grant, and a grant premium shall be paid.

In order to control and facilitate the procedure for obtaining land use rights, several local governments have stipulated standard provisions in land grant contracts. Such provisions generally include terms such as use of land, land premium and manner of payment, building restrictions including site coverage, total GFA and height limitations, constructions of public facilities, submission of building plans and approvals, deadlines for completion of construction, town planning

requirements, restrictions against alienation before payment of premiums and completion of prescribed development and liabilities for breach of contract. Any change requested by the land user in the specified use of land after the execution of a land grant contract will be subject to approvals from the relevant land bureau and the relevant urban planning department, and a new land use contract may have to be signed and the land premium may have to be adjusted to reflect the appreciation of the new use. Registration procedures must then be carried out immediately.

On 30th May 2006, the Ministry of Land and Resources issued the Urgent Notice on Utterly Strengthening the Administration of Land 《關於當前進一步從嚴土地管理的緊急通知》. The notice stated, amongst other things, that (i) land for property development must be assigned by competitive bidding, public auction or listing-for-sale and (ii) the supervision and examination of the performance of land use contract should be strengthened, and the defaulting parties be prosecuted.

The PRC Ministry of Land and Resources issued the Circular on Certain Issues Concerning Strengthening Land Supply and Supervision for Real Estate 《國土資源部關於加強房地產用地供應和監管有關問題的通知》 on 8th March 2010. The circular requires developers to make a 50% down payment of the land premiums within one month from the date of the land grant contract, and to make the rest of the payment within a year. Where a developer enters into a land grant contract but fails to pay land premiums, the relevant land shall be confiscated.

(d) Transfer

After land use rights relating to a particular area of land have been granted by the state, unless any restriction is imposed, the party to whom such land use rights have been granted may transfer, lease or mortgage such land use rights for a term not exceeding the term which has been granted by the state. The difference between a transfer and a lease is that a transfer involves the vesting of the land use rights by the transferor in the transferee during the term for which such land use rights are vested in the transferor. A lease, on the other hand, does not involve a transfer of such rights by the lessor to the lessee. Furthermore, a lease, unlike a transfer, does not usually involve the payment of a premium. Instead, a rent is payable during the term of the lease. Land use rights cannot be transferred, leased or mortgaged if the provisions of the land grant contract, with respect to the prescribed period and conditions of investment, development and use of the land, have not been complied with. In addition, different areas of the PRC have different conditions which must have been fulfilled before the respective land use rights can be transferred, leased or mortgaged.

All transfers, mortgages and leases of land use rights must be evidenced by a written contract registered with the relevant local land bureau at municipality or county level. Upon a transfer of land use rights, all rights and obligations contained in the contract pursuant to which the land use rights were originally granted by the state are deemed to be incorporated as part of the terms and conditions of such transfer, depending on the nature of the transaction.

Under Article 38 of the Urban Real Estate Law, real property that has not been registered and a title certificate for which has not been obtained in accordance with the law cannot be transferred. Under Article 39 of the Urban Real Estate Law, if land use rights are acquired by means of grant, the following conditions must have been met before the land use rights may be transferred: (i) the premium for the grant of land use rights must have been paid in full in accordance with the land grant contract and a land use right certificate must have been obtained; (ii) investment or development must have been made or carried out in accordance with terms of the land grant contract; (iii) for housing

construction projects, more than 25% of the total amount of development for investment must have been made or completed; and (iv) where the development or investment involves a large tract of land, conditions for use of the land for industrial or other construction purpose have been achieved.

(e) Termination

A land use right terminates upon the expiry of the term of grant specified in the land grant contract and the resumption by the state of that right.

The state generally will not withdraw a land use right before the expiration of its term of grant and if it does so for special reasons, such as in the public interest, it must offer proper compensation to the land user, having regard to the surrounding circumstances and the period for which the land use right has been enjoyed by the user.

Upon expiry, the land use right and ownership of the related buildings erected on the land and other attachments may be acquired by the state without compensation. The land user will take steps to surrender the land use right certificate and cancel the registration of the certificate in accordance with relevant regulations.

A land user may apply for renewal of the land use rights and, if the application is granted, the land user is required to enter into a new land grant contract, pay a premium and effect appropriate registration for the renewal grant.

(f) Document of Title

In the PRC, there are two registers for real estate. Land registration is achieved by the issue of a land use right certificate by the relevant authorities to the land user. It is evidence that the land user has obtained land use rights which can be transferred, mortgaged or leased. The building registration is the issue of a real estate certificate to the owner. It is evidence that the owner has obtained building ownership rights in respect of the buildings erected on that piece of land. According to the Measures for Land Registration 《土地登記辦法》 promulgated by the Ministry of Land and Resources on 30th December 2007 and implemented on 1st February 2008, and the Measures for Building Registration 《房屋登記辦法》 promulgated by the Ministry of Construction on 15th February 2008 and implemented on 1st July 2008, all duly registered land use rights and building ownership rights are protected by the law.

In connection with these registration systems, real estate and land registries have been established in the PRC. In most cities in the PRC, the above systems are maintained separately. However, in certain cities such as Shanghai, the two systems have been consolidated and a single composite real estate and land use right certificate will be issued evidencing the ownership of both land use rights and the buildings erected on the land.

(g) Idle Land

According to the Measures on Disposing Idle Land 《閒置土地處置辦法》 enacted and enforced by the Ministry of Land and Resources on 28th April 1999, land can be classified as idle land under any of the following circumstances: (i) where development and construction of the land has not commenced within the prescribed time limit after obtaining the land use right without consent from

the government which approved the use of the land; (ii) where the “Contract on Paid Use of the Right to Use State-Owned Land” 《國有土地有償使用合同》 or the “Approval Letter on Land Used for Construction” 《建設用地批准書》 has not prescribed the date of commencing the development and construction, the development and construction of the land is not commenced at the expiry of one year from the date when the “Contract on Paid Use of the Right to Use State-Owned Land” became effective or when the administrative department of land issued the “Approval Letter on Land Used for Construction”; (iii) the development and construction of the land has commenced but the area of the development and construction that has commenced is less than one-third of the total area to be developed and constructed, or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval; or (iv) other circumstances prescribed by the laws and the administrative regulations.

The city- or county-level land administrative department shall, after a piece of land which has been ascertained as idle land, notify the land user and draft a proposal on the methods of disposal of the idle land, including but not limited to extending the time period for development and construction (provided that the extension shall be no longer than one year), changing the use of the land, arranging for temporary use, ascertaining a new land user by competitive bidding, public auction. The administrative department of land under the government of city or county level shall, after the proposal on disposal of idle land has been approved by the government which originally approved the use of the land, arrange for implementation of the proposal. For any idle land which is obtained by grant and is within the scope of city planning, if the work has not commenced after one year from the prescribed date of commencement, a surcharge on the idle land equivalent to less than 20% of the grant premium may be levied; if the work has not commenced after two years from the prescribed date of commencement, the land can be confiscated without any compensation. However, the preceding stipulations shall not apply if the delay is caused by force majeure, acts of government or acts of other relevant departments under the government, or by the indispensable preliminary work.

On 3rd January 2008, the State Council issued the Notice on Promoting the Saving and Intensification of Use of Land 《關於促進節約集約用地的通知》 which urges the full and effective use of existing construction land and the preservation of farming land. The notice also emphasises the enforcement of the current rules on idle land fee for any land left idle for over one year but less than two years, the amount of which is equal to 20% of the land premium.

(h) Establishment of a Real Estate Development Enterprise

According to the Urban Real Estate Law, a real estate developer is defined as an enterprise which engages in the development and sale of real estate for the purpose of making profits. Under the Regulations on Administration of Development of Urban Real Estate 《城市房地產開發經營管理條例》 (the “**Development Regulations**”) promulgated by the State Council on 20th July 1998, in addition to requirements on establishing enterprises, an enterprise that engages in development of real estate must satisfy the following requirements: (i) its registered capital must be RMB1 million or more and (ii) it must have four or more full-time professional real estate/construction technicians and two or more fulltime accounting officers, each of whom must hold the relevant qualification certificate. The local government of a province, autonomous region or municipality directly under the central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

To establish a real estate development enterprise, the developer should apply for registration with the administration for industry and commerce on or above the county level. The real estate developer must also report its establishment to the real estate development authority in the location of the registration authority, within 30 days of the receipt of its business licence.

Under the Foreign Investment Industrial Guidance Catalogue 《外商投資產業指導目錄》 promulgated jointly by the MOC and the NDRC in November 2004, the development and construction of ordinary residential units falls within the category of industries in which foreign investment is encouraged, whereas the development of a whole land lot and the construction and operation of high end hotels, villas, premium office buildings, international conference centres and large theme parks falls within the category of industries in which foreign investment is subject to restrictions, while other real estate development falls within the category of industry in which foreign investment is permitted. On 31st October 2007, the MOC and NDRC jointly issued the new Foreign Investment Industrial Guidance Catalogue effective from 1st December 2007, under which the development and construction of ordinary units falls within the category of industry in which foreign investment is permitted, whereas the secondary market transaction in real estate sector, real estate intermediary or agent falls within the category of industry in which foreign investment is subject to restrictions. A foreign investor intending to engage in the development and sale of real estate may establish a sino-foreign equity joint venture, a sino-foreign cooperative joint venture or a wholly-owned foreign enterprise according to laws and regulations relating to foreign investment in the real estate industry. Prior to its registration with the department of administration of industry and commerce, the enterprise must be approved by commercial authorities and obtain an Approval Certificate for a Foreign Investment Enterprise.

On 11th July 2006, the Ministry of Construction, MOC, NDRC, PBOC, SAIC and SAFE jointly promulgated the Circular on Standardizing the Admittance and Administration of Foreign Capital in the Real Estate Market 《關於規範房地產市場外資准入和管理的意見》, which state that: (i) an overseas entity or individual investing in real estate in the PRC other than for self-use, shall apply for the establishment of a Foreign Invested Real Estate Enterprise (“**FIREE**”) in accordance with applicable PRC laws and shall only conduct operations within the authorised business scope after obtaining the relevant approvals from and registering with the relevant governmental authorities; (ii) the registered capital of a FIREE with a total investment of US\$10 million or more shall not be less than 50% of its total investment amount, whereas for a FIREE with a total investment of less than US\$10 million, the current rules on registered capital shall apply; (iii) a newly established FIREE can first obtain an approval certificate and business license which are valid for one year. The official approval certificate and business license can be obtained by submitting the land use right certificate to the relevant government departments after the land grant premium for the land has been paid; (iv) an equity transfer of a FIREE or the transfer of its projects, as well as the acquisition of a domestic real estate enterprise by foreign investors, must first be approved by the commercial authorities. The investor shall submit a letter to the commercial authorities confirming that it will abide with the land grant contract, the construction land planning permit and the construction works planning permit. In addition, the investor shall also submit the land use right certificate, the evidence from the construction authorities confirming the alteration of archives and evidence from the tax authorities confirming that tax relating to the transfer has been fully paid; (v) foreign investors acquiring a domestic real estate enterprise through an equity transfer, acquiring the Chinese investors’ equity interest in an equity joint venture or through any other methods shall pay the purchase price from its own capital in a lump sum rather than by instalments and shall ensure that the enterprise’s employees and bank loans are treated and dealt with in accordance with applicable PRC laws; (vi) if the registered

capital of a FIREE is not fully paid up, its land use right certificate has not been obtained or the paid-in capital is less than 35% of the total investment amount of the project, the FIREE is prohibited from borrowing from any domestic or foreign lenders and SAFE shall not approve the settlement of any foreign loans; (vii) the investors in a FIREE shall not in any manner stipulate a fixed return clause or equivalent clause in their joint venture contract or in any other documents; and (viii) a branch or representative office established by a foreign investor in the PRC (other than a FIREE), or a foreign individual working or studying in the PRC for more than one year, is permitted to purchase commodity residential properties located in the PRC only for the purpose of self-residence. Residents of Hong Kong, Macau and Taiwan and overseas Chinese may purchase commodity residential properties limited to a certain floor area based on their living requirements in the PRC for self-residence purposes.

On 23rd May 2007, MOC and SAFE jointly issued the Notice on Further Strengthening and Regulating the Approval and Supervision on Foreign Investment in Real Estate Sector in the PRC 《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》 which made the following requirements for approval and supervision of foreign investment in real estate:

- foreign investment in the real estate sector in the PRC relating to high-grade properties will be strictly controlled;
- before obtaining approval for the setup of real estate entities with foreign investment, either (i) both the land use right certificates and housing ownership right certificates must be obtained or, (ii) contracts for obtaining land use rights or housing ownership rights must be entered into;
- entities which have been set up with foreign investment need to obtain approval before they expand their business operations into the real estate sector and entities which have been set up with foreign investment for real estate development operation need to obtain new approval if they are engaged in new real estate development projects;
- acquisitions of real estate entities and foreign investment in the real estate sector by way of round trip investment will be strictly regulated. Foreign investors must not avoid approval procedures by changing actual controlling persons of domestic real estate enterprises;
- parties to real estate entities with foreign investment should not in any way guarantee a fixed investment return;
- local approval authorities should file the approvals of establishment of foreign investment real estate entities with MOC for their records in a timely manner according to applicable laws;
- foreign exchange administration authorities and banks authorised to conduct foreign exchange business should not effectuate foreign exchange settlements regarding capital account items to those that fail to file with MOC or fail to pass the annual reviews; and
- for those real estate entities which are illegally approved by local authorities for their establishment, (i) MOC should carry out investigation, order punishment and make rectification, and (ii) foreign exchange administrative authorities should not carry out foreign exchange registrations for such entities.

On 10th July 2007, SAFE issued the Notice Regarding the Publication of the First Group of Real Estate Enterprises with Foreign Investment That Have Properly Registered with the MOC 《關於下發第一批通過商務部備案的外商投資房地產項目名單的通知》. This new regulation restricts the ability of foreign invested real estate companies to raise funds offshore and then inject funds into the companies either through capital increase or by way of shareholder loans. The notice stipulates, among other things:

- that branches of SAFE will no longer process foreign debt registration and examination and approval of foreign exchange settlements for foreign debt for real estate enterprises with foreign investment that obtained approval certificates from commercial authorities and filed with MOC on or after 1st June 2007; and
- that branches of SAFE will no longer process foreign exchange registration (or change of such registration) or foreign exchange settlement and sale under the capital account for real estate enterprises with foreign investment that obtained approval certificates from commercial authorities on or after 1st June 2007 but failed to file with MOC.

(i) Qualifications of a Real Estate Developer

Under the Development Regulations, the real estate development authorities shall examine applications for registration of qualifications of a real estate developer when it reports its establishment, by considering its assets, professional personnel and business results. A real estate developer shall only undertake real estate development projects in compliance with the approved qualification registration.

In accordance with the Provisions on Administration of Qualifications of Real Estate Developers 《房地產開發企業資質管理規定》 (“**Provisions on Administration of Qualifications**”) promulgated by the Ministry of Construction on 29th March 2000, a real estate developer shall apply for registration of its qualifications according to such Provisions. An enterprise may not engage in development and sale of real estate without a qualification classification certificate for real estate development. The construction authority under the State Council oversees the qualifications of real estate developers throughout the country, and the real estate development authority under a local government on or above the county level shall oversee the qualifications of local real estate developers.

In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into four classes. The approval system is tiered, so that confirmation of class 1 qualifications shall be subject to preliminary examination by the construction authority under the people’s government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of class 2 or lower qualifications shall be formulated by the construction authority under the people’s government of the relevant province, autonomous region or municipality directly under the central government. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority.

After a newly established real estate developer reports its establishment to the real estate development authority, the latter shall issue a Provisional Qualification Certificate to the eligible developer within 30 days of its receipt of the above report. The valid period of the Provisional Qualification Certificate is one year, the real estate development authority can extend the period according to the developer's specific operating circumstances. But the period of extension may not exceed two years. The real estate developer may apply for qualification classification by the real estate development authority within one month before expiry of the Provisional Qualification Certificate.

A developer of any qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another classification. A class 1 real estate developer is not restricted as to the scale of real estate project to be developed and may undertake a real estate development project anywhere in the country. A real estate developer of class 2 or lower may undertake a project with a GFA of less than 250,000 square metres and the specific scope of business shall be as confirmed by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government.

(j) Development of a Real Estate Project

The Development Regulations provide that a real estate development project may be carried out having regard to the overall land use plan, annual construction land schedule, applicable municipal zoning plan and the annual property development scheme. Those projects which should be approved by the planning control authorities in accordance with the relevant rules should also be reported and approved by the planning control authorities and be brought into the annual planning of the investment in fixed assets. Under the State Council's Notice on Stringent Control Over High Class Real Estate Development Projects 《關於嚴格控制高檔房地產開發項目的通知》 issued in May 1995, for a high class real estate project with a GFA of more than 100,000 square metres or total investment of more than RMB200 million or foreign investment of US\$30 million or more, the project proposal and commencement of works shall be subject to approval of the State Development Planning Commission. For a high class real estate project with a GFA of more than 20,000 square metres but less than 100,000 square metres or total investment of more than RMB30 million but less than RMB200 million, the project proposal and commencement of works shall be subject to approval of the Development Planning Commission of the relevant province, autonomous region, municipality directly under the central government or separate-planning city and then a report to the State Development Planning Commission. A high class real estate project with foreign investment of more than US\$100 million is subject to approval of the State Council based on the recommendation of the State Development Planning Commission.

As mentioned above, under the Foreign Investment Industrial Guidance Catalogue 《外商投資產業指導目錄》 jointly promulgated by the MOC and the NDRC in November 2004, the development of a whole land lot and the construction and operation of high end hotels, villas, premium office buildings, international conference centres and large theme parks falls within the category of industries in which foreign investment is subject to restrictions, while other real estate development falls within the category of industry in which foreign investment is permitted. On 31st October 2007, the MOC and NDRC jointly issued the new Foreign Investment Industrial Guidance Catalogue effective from 1st December 2007, under which the development of a whole land lot and the construction and operation of high end hotels, villas, premium office buildings, international

conference centres and large theme parks still falls within the category of industries in which foreign investment is subject to restrictions. In addition, the secondary market transaction in real estate sector, real estate intermediary or agent falls within the category of industry in which foreign investment is restricted.

According to the Interim Provisions on Approving Foreign Investment Project 《外商投資項目核准暫行管理辦法》 promulgated by the NDRC in October 2004, the NDRC shall examine and approve the foreign investment projects with total investment of US\$100 million or more within the category of industries in which foreign investment is encouraged or permitted and those with total investment of US\$50 million or more within the category of industries in which foreign investment is subject to restrictions as classified in the “Foreign Investment Industrial Guidance Catalogue”, while the local development and reform authorities shall examine and approve the foreign investment projects with a total investment of less than US\$100 million within the category of industries in which foreign investment is encouraged or permitted and those with a total investment of less than US\$50 million within the category of industries in which foreign investment is subject to restrictions as classified in the “Foreign Investment Industrial Guidance Catalogue.”

Under the Interim Regulations on Grant and Transfer, a system of grant and transfer of the right to use State-owned land is adopted. A land user shall pay a grant price to the State as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use right within the term of use. Under the Interim Regulations on Grant and Transfer and the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county shall enter into a grant contract with the land user to provide for the grant of land use right. The land user shall pay the grant price as provided by the grant contract. After payment in full of the grant price, the land user shall register with the land administration authority and obtain a Land Use Right Certificate which evidences the acquisition of land use rights.

The Urban Real Estate Law and the Development Regulations provide that, except for land use rights which may be obtained through allocation pursuant to PRC laws or the stipulations of the State Council, land use rights for a site intended for real estate development shall be obtained through grant. Under the Regulations on the Grant of State-Owned Land Use Rights Through Competitive Bidding, Public Auction and Public Listing-for-Sale 《招標掛牌出讓國有土地使用權規定》 effective from 1st July 2002, and the Urban Real Estate Management Law 《城市房地產管理法》 implemented on 1st January 1995 and amended on 30th August 2007, state-owned land use rights for the purposes of commercial use, tourism, entertainment and commodity residential property development in the PRC may be granted by the government only through public tender, auction and listing-for-sale.

The Development Regulations also provide that a real estate developer shall record any major events which occur in the course of construction in the Real Estate Development Project Manual and periodically submit the same to the real estate development authority for its records.

Under the Measures for Control and Administration of Grant and Transfer of Right to Use Urban State-owned Land 《城市國有土地使用權出讓轉讓規劃管理辦法》 promulgated by the Ministry of Construction in December 1992, the assignee to a grant contract, i.e. a real estate developer, shall legally apply for a Planning Permit for the construction land planning permit from the municipal planning authority with the grant contract.

After obtaining a Planning Permit for Land Use, a real estate developer shall organise the necessary survey, planning and design work having regard to planning and design requirements. For the planning and design proposal in respect of a real estate development project, the relevant report and approval procedures required by the Law of the PRC on Urban and Rural Planning 《城鄉規劃法》 promulgated by the Standing Committee of the National People's Congress in October 2007, and local statutes on municipal planning must be followed and a Planning Permit for Construction Projects must be obtained from the municipal planning authority.

Pursuant to the Circular on Certain Issues Concerning Strengthening Land Supply and Supervision for Real Estate 《國土資源部關於加強房地產用地供應和監管有關問題的通知》 issued by the PRC Ministry of Land and Resources on 8th March 2010, a real estate developer shall file written reports with the department of land and resources upon the commencement and completion of a project. If the real estate developer fails to commence or complete the construction within the period prescribed in the land grant contract, it shall report the reason for delay to the department of land and resources within 15 days before the end of the period. Any real estate developer which fails to file reports shall be prohibited from acquiring land in the PRC for at least one year.

(k) Demolition and Removal

In accordance with the Regulations for the Administration of Demolition and Removal of Urban Housing 《城市房屋拆遷管理條例》 (“**Regulations on Demolition**”), which were promulgated by the State Council on 13th June 2001, upon obtaining approvals for a construction project, construction plan and State-owned land use rights, a real estate developer may apply to the department in charge of demolition and removal of the municipal or county people's government of the place where the real estate is located for a permit for housing demolition and removal. Upon granting an approval and issuing a demolition and removal permit, the department in charge of demolition and removal shall issue a demolition and removal notice to the inhabitants of the area to be demolished. The demolition and removal party shall implement the demolition and removal within the area and period specified in the housing demolition and removal permit. If the demolition and removal party fails to complete the demolition and removal works within the permitted period, it shall, at least 15 days prior to the expiry of the permit, apply to the original approval department in charge of demolition and removal for an extension.

During the demolition and removal period announced by the department in charge of demolition and removal, the demolition and removal party and the parties subject to demolition and removal shall enter into an agreement for compensation and relocation in respect of the demolition and removal. If the demolition and removal party, the parties subject to demolition and removal and the house tenant cannot reach an agreement, any party concerned may apply to the original approval department in charge of demolition and removal for a ruling. Such ruling shall be rendered within 30 days of the application. If any party disagrees with the ruling, it may initiate proceedings in the People's Court within three months after the delivery of the ruling. Pursuant to law, if the demolition and removal party has provided housing or monetary compensation to the party subject to demolition and removal, the demolition and removal shall not be stopped during the period of legal proceedings.

Pursuant to the Regulations on Demolition, compensation for housing demolition and removal may be effected by way of monetary compensation or exchange of house property rights. If the monetary compensation method is used, the amount of compensation shall be assessed on the basis of the real property market price determined by the location, uses and the gross area of the housing to be demolished. The demolition and removal party shall entrust a qualified real estate assessment agency to conduct an assessment on the housing to be demolished. If property right exchange is used, the demolition and removal party and the party subject to demolition and removal shall, on the basis of the real property market price and the location, uses and the gross area of the housing to be demolished, calculate the amount of compensation which shall be made for the housing to be demolished, the real property market price of the housing to be exchanged for the housing to be demolished, and work out the difference between the two.

In addition to paying the demolition and removal compensation, the demolition and removal party shall pay removal allowance to the party subject to demolition and removal. During the interim period, when the party subject to demolition and removal arranges accommodation by himself, the demolition and removal party shall pay temporary relocation allowance. On the other hand, when the demolition and removal party provides accommodation to the party subject to demolition and removal during the interim period, the demolition and removal party need not to pay the temporary relocation allowance.

On 29th January 2010, the Legislative Affairs Office of the State Council of PRC announced the Draft Expropriation Rules for comments, in which the rights of the person whose buildings are to be expropriated are highly emphasised. In accordance with the Expropriation Rules, expropriation of buildings on state-owned land can take place for public interest, and the buildings' owner shall be reimbursed in accordance with the rules. This rule which will replace the Regulations on Demolition aforementioned is not effective up to now.

(I) Construction

Before commencing any construction work, the developer shall apply for a Permit for Erection of Construction Projects from the construction authority under the local government above the county level according to the Measures for Administration of Granting Permission for Commencement of Construction Works 《建築工程施工許可管理辦法》promulgated by the Ministry of Construction in October 1999 (amended in July 2001).

Under the Building Construction and Municipal Facilities Construction Tender Management Regulations《房屋建築和市政基礎設施工程施工招標投標管理辦法》 (the “**Tender Regulations**”) promulgated in June 2001 which states that a Tender Appraisal Committee should be set up for the appraisal of the tender for construction works for the project. According to the Tender Regulations, the Tender Appraisal Committee to be organised by the tenderee shall include representatives of the tenderee and relevant specialists selected by the tenderee from a list certified by the construction administration authorities. The number of members of the Tender Appraisal Committee shall be an odd number and shall consist of at least five members. The relevant specialists shall make up no less than two-thirds of the membership. In accordance with the Tender Regulations, if the estimated price of a single construction contract amounts to at least RMB2 million or the total investment of the project is at least RMB30 million, the developer is required to undertake a bidding process for the award of the construction contracts.

Pursuant to the Development Regulations and the Interim Measures for the Administration of the Registration of the Inspection and Acceptance of the Completed Building Construction Works and the Municipal Infrastructure Facilities 《房屋建築工程和市政基礎設施工程竣工驗收備案管理暫行辦法》 promulgated by the Ministry of Construction in April 2000 (amended in October 2009) and the Interim Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure 《房屋建築工程和市政基礎設施工程竣工驗收暫行規定》 promulgated by the Ministry of Construction in June 2000, after the completion of the real estate development project, the real estate developer should apply for the project completion inspection and acceptance to the county level or higher local real estate administration authorities. A real estate development project may only be delivered to the buyer after passing the necessary acceptance examination, and may not be delivered before the necessary acceptance examination is conducted or without passing such an acceptance examination. For a housing estate or other building complex project, an acceptance examination shall be conducted upon completion of the whole project and where such a project is developed in phases, an acceptance examination may be carried out for each completed phase. The real estate developer should register the project completion inspection and acceptance within 15 days from the pass of the inspection and acceptance. The project should not be delivered to users if it has not passed the project completion inspection and acceptance. Projects like residential house quarters should pass the compositive completion inspection and acceptance. Projects developed in stages can also be inspected and accepted in stages.

(m) Warranty and Maintenance of Buildings

Under the Regulations on Quality Management of Construction Projects 《建設工程質量管理條例》 promulgated by the State Council on 30th January 2000, when a construction contractor hands over construction completion examination and acceptance report, it should provide the Quality Guarantee, which should specify scope, term and responsibilities of quality warranty.

According to Measures on the Warranty and Maintenance of Building Construction Projects 《房屋建築工程質量保修辦法》 promulgated by the Ministry of Construction on 30th June 2000 under the normal usage, the warranty and maintenance period to different parts of the construction projects should not be shorter than the following:

- (i) the reasonable using period as stipulated by the project designing documents for the groundwork foundation and main body structure project;
- (ii) five years for the waterproof project of the surface, the toilet and rooms having waterproof requirements, the leakage preventing of the outside walls;
- (iii) two heating periods/cooling periods for the heating and cooling system;
- (iv) two years for the electrical system, water supply pipe and drainpipe, equipment fixing; and
- (v) two years for the fitment project.

The warranty and maintenance period of other parts of the construction projects may be determined by real estate developers and the builder's agreement.

(n) Leases of Buildings

Both the Urban Land Regulations and the Real Estate Law permit leasing of granted land use rights and the buildings or homes constructed on the land. Leasing of properties situated in urban areas is governed by the Measures for Administration of Leasing of Urban Buildings 《城市房屋租賃管理辦法》 (the “**Leasing Measures**”). The Leasing Measures were promulgated by the Ministry of Construction on 28th April 1995 in accordance with the Real Estate Law in order to strengthen the administration of the leasing of urban buildings. The Leasing Measures permit property owners to lease their properties to others for residential or Commercial Property uses except as otherwise prohibited by relevant law. The landlords and tenants who are the parties to a property lease transaction are required to enter into a written lease agreement specifying all of the terms of the lease arrangement as required by statute. Leasing of buildings and the underlying land use rights shall not exceed 20 years. The lease agreement becomes effective upon signing; however, it must be registered with the relevant real estate administration authority at the municipality or county level within 30 days after its execution for the purpose of protecting the tenant’s interest against claims from third parties. A tenant may, upon obtaining consent from the landlord, assign or sublet the premises to sub-tenants.

On 30th July 2009, the Supreme People’s Court issued the Interpretation of Certain Issues concerning the Application of Law for Judging Disputes over Urban Building Leasing Contracts 《關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋》 which became effective on 1st September 2009 (the “**Leasing Interpretation**”). The Leasing Interpretation clarifies that courts should not uphold the claim that a building leasing contract is invalid due to the failure of registration. If parties agreed on such registration being a condition precedent to the effectiveness of building leasing contract, the agreement prevails, unless that one party has performed major obligations which were accepted by the other party.

(o) Insurance

There is no mandatory provision in the PRC laws, regulations and government rules which require a property developer to take out insurance policies for its real estate developments.

(p) Major Taxes Applicable to the Company’s Property Development Business in the PRC

See the section headed “PRC Taxation” in Appendix VII “Taxation” to this prospectus.

(q) Major Environmental Protection Requirements

In accordance with the PRC Environmental Protection Law 《環境保護法》 adopted by the Standing Committee of the NPC on 26th December 1989, the Administration Supervisory Department of Environmental Protection of the State Council sets the national guidelines for the discharge of pollutants. The people’s governments of provinces, autonomous regions and municipalities directly under the central government may also set their own guidelines for the discharge of pollutants within their own provinces or districts in the event that the national guidelines are inadequate.

A company or enterprise which causes environmental pollution and discharges other polluting materials which endanger the public should implement environmental protection methods and procedures into their business operations. This may be achieved by setting up a system of accountability within the company's business structure for environmental protection; adopting effective procedures to prevent environmental hazards such as waste gases, water and residues, dust powder, radioactive materials and noise arising from production, construction and other activities from polluting and endangering the environment. The environmental protection system and procedures should be implemented simultaneously with the commencement of and during the operation of construction, production and other activities undertaken by the company. Any company or enterprise which discharges environmental pollutants should report and register such discharge with the Administration Supervisory Department of Environmental Protection. A fee may also be imposed on the company for the cost of any work required to restore the environment to its original state. Companies which have caused severe pollution to the environment are required to restore the environment or remedy the effects of the pollution within a prescribed time limit.

If a company fails to report and/or register the environmental pollution caused by it, it will receive a warning or be penalised. Companies which fail to restore the environment or remedy the effects of the pollution within the prescribed time will be penalised or have their business terminated. Companies or enterprises which have polluted and endangered the environment must bear the responsibility for remedying the danger and effects of the pollution, as well as to compensate the any losses or damages suffered as a result of such environmental pollution.

Under the Regulations on the Administration of Environmental Protection of Construction Project 《建設項目環境保護管理條例》 promulgated by the State Council on 29th November 1998 and the Procedures on the Administration of Environmental Protection of Construction Projects 《建設項目環境保護管理程序》 promulgated by the State Environmental Protection Administration of China on 1st June 1990, the development of each construction project is subject to the environment impact assessment, and the developer should submit to the competent administrative authorities the environmental impact statement which assess the pollution the construction project is likely to produce and its impact on the environment and stipulate the preventive and curative measures. And only after the competent authorities' examination and approval, can the developer start the construction project.

Under the Provisions on the Inspection and Acceptance of Environmental Protection of Construction Projects 《建設項目竣工環境保護驗收管理辦法》 promulgated by the State Environmental Protection Administration of China on 27th December 2001, each construction project completed is subject to the inspection of the competent environmental protection administrative authorities, and only after the construction project has passed the inspection and acquired the acceptance approval, can it be put into use.

(r) Foreign Exchange Controls

The lawful currency of the PRC is the Renminbi, which is currently not freely convertible into foreign exchange. SAFE, under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On 1st January 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which is determined by demand and supply of Renminbi. Pursuant to such systems, the PBOC sets and publishes the daily Renminbi-U.S. dollar exchange rate. Such exchange rate is determined with reference to the transaction price for Renminbi-U.S. dollar in the inter-bank foreign exchange market on the previous day. Also, the PBOC, with reference to exchange rates in the international foreign exchange market, announces the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by the PBOC.

On 29th January 1996, the State Council promulgated Regulations for the Control of Foreign Exchange 《外匯管理條例》 (“**Control of Foreign Exchange Regulations**”) which became effective from 1st April 1996. The Control of Foreign Exchange Regulations classify all international payments and transfers into current account-items and capital account-items. Current account items are no longer subject to SAFE approval while capital account items still are. The Control of Foreign Exchange Regulations were subsequently amended on 14th January 1997 and 5th August 2008. Such amendment affirms that the State shall not restrict international current account payments and transfers.

On 20th June 1996, PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange 《結匯、售匯及付匯管理規定》 (the “Settlement Regulations”) which became effective on 1st July 1996. The Settlement Regulations abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. On the basis of the Settlement Regulations, the PBOC published the Announcement on the Implementation of Foreign Exchange Settlement and Sale Banks by Foreign-invested Enterprises 《關於對外商投資企業實行銀行結售匯的公告》 on 20th June 1996. The announcement permits foreign-invested enterprises to open, on the basis of their needs, foreign exchange settlement accounts for current account receipts and payments of foreign exchange, and specialised accounts for capital account receipts and payments at designated foreign exchange banks.

On 25th October 1998, PBOC and SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swapping Business 《關於停辦外匯調劑業務的通知》 pursuant to which and with effect from 1st December 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprises shall be regulated under the system for the settlement and sale of foreign exchange applicable to banks. On 21st July 2005, the PBOC announced that, beginning from 21st July 2005, the PRC will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the U.S. dollar. The PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

Save for foreign-invested enterprises or other enterprises which are specially exempted by relevant regulations, all entities in the PRC (except for foreign trading companies and production enterprises having import and export rights, which are entitled to retain part of foreign exchange income generated from their current account transactions and to make payments using such retained foreign exchanges in their current account transactions or approved capital account transactions) once were required to sell their foreign exchange income to designated foreign exchange banks. Foreign exchange income from loans issued by organisations outside the territory or from the issuance of bonds and shares is not required to be sold to designated banks, but may be deposited in foreign exchange accounts with designated banks. Pursuant to the Circular of the State Administration of Foreign Exchange on Retaining Foreign Exchange Income under Current Account by Domestic Entities 《關於境內機構自行保留經常項目外匯收入的通知》 issued by the SAFE on 12th August 2007, domestic entities can retain foreign exchange income under current account in light of its operation needs.

Enterprises in the PRC (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks, upon presentation of valid receipts and proof. Foreign-invested enterprises which need foreign currencies for the distribution of profits to their shareholders, and Chinese enterprises which, in accordance with regulations, are required to pay dividends to shareholders in foreign currencies, may with the approval of board resolutions on the distribution of profits, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks.

Convertibility of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction, and prior approval from SAFE or its competent branch.

The following discussion is a summary of certain anticipated tax consequences of our operations and of an investment in the Shares under tax laws of the PRC and Hong Kong. This discussion does not purport to address all possible tax consequences relating to our operations or to an investment in the Shares. In particular, the discussion does not address the tax consequences under non-Hong Kong and non-PRC tax laws. Accordingly, you should consult your tax adviser regarding the tax consequences of your investment in the Shares. The following discussion is based upon laws and relevant interpretations thereof in effect as at the date of this prospectus, all of which are subject to change.

PRC TAXATION

As the Company is not incorporated in the PRC, your investment in the Shares is largely exempt from PRC tax laws, excepted as disclosed in the section headed “Risk Factors—Risks Relating to the PRC and Hong Kong—We may be deemed a PRC resident enterprise under the EIT Law and may be subject to PRC taxation on our worldwide income. Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under current PRC tax laws” in this prospectus. However, as some of our business operations are in the PRC and we carry out these business operations through operating subsidiaries and joint ventures organised under the PRC law, our PRC operations and our operating subsidiaries and joint ventures in the PRC are subject to PRC tax laws and regulations, which indirectly affect your investment in the Shares.

Dividends from Our PRC Operations

Under the PRC Income Tax Law for Foreign-Invested Enterprises and Foreign Enterprises effective prior to 1st January 2008, dividends paid by our PRC subsidiaries or joint ventures to us were exempt from PRC income tax. However, pursuant to the PRC Enterprise Income Tax Law 《中華人民共和國企業所得稅法》and its implementation rules that became effective on 1st January 2008 (the “EIT Law”), dividends payable by foreign invested enterprises, such as subsidiaries and joint ventures in the PRC out of their post-2007 retained earning, to their foreign investors are subject to a PRC withholding income tax (“WIT”) at 10% unless any lower tax treaty rate is applicable. The profits earned by foreign-invested enterprises after 1st January 2008 that are distributed to foreign investors shall be subject to enterprise income tax pursuant to the EIT Law.

Under the EIT Law, enterprises established under the laws of foreign jurisdictions but whose “de facto management body” is located in the PRC are treated as “resident enterprises” for PRC tax purposes, and will be subject to PRC income tax on their worldwide income. For such PRC tax purposes, dividends from PRC subsidiaries to their foreign shareholders, if deemed as PRC resident enterprises are exempt from the WIT. However, the dividends paid by these foreign shareholders to their foreign investors could be subject to 10% WIT unless reduced by tax treaty. Under the implementation rules of the EIT Law, “de facto management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. There is uncertainty as to how the EIT law and its implementation rules will be interpreted or implemented by relevant tax bureaus.

Dividends We Pay to You

The distribution of dividends to the Company's overseas investors is not subject to PRC tax. The EIT Law, however, imposes a WIT at the rate of 10% on dividends paid to overseas investors if the Company is considered as a PRC resident enterprise. The WIT rate may be reduced by tax treaty. It is not clear whether you will be subject to such PRC WIT as a result. Due to these new provisions in the PRC tax law, despite many uncertainties with respect to their actual intentions and practical effects, if we are considered a PRC resident enterprise, the dividends we pay to the overseas investors (with no establishments or place of business in the PRC that is connected to this dividend income) with respect to the Shares may be treated as income derived from sources within the PRC and be subject to the PRC WIT.

Transfer or Disposition of the Shares

As the Company is not incorporated in the PRC, any transfer or disposition of the Shares by an overseas investor should not trigger PRC tax liabilities. The EIT Law, however, could invoke the General Anti-Avoidance Rule if the Company is deemed to be set up merely to avoid PRC tax. Under such circumstances, the PRC tax authorities could impose a WIT at the rate of 10% on capital gains realised by these overseas investors from the disposition of the Shares. It is not clear whether you will be subject to such PRC WIT as a result. As these are new provisions in the PRC tax law, there are still many uncertainties with respect to their actual intentions and practical effects.

Our Operations in the PRC

Our subsidiaries and joint ventures through which we conduct our business operations in the PRC are subject to PRC tax laws and regulations.

Deed Tax

Under the PRC Interim Regulation on Deed Tax 《中華人民共和國契稅暫行條例》, deed tax is chargeable to transferees of land use rights and/or ownership in real properties within the territory of the PRC. Deed tax rate is between 3% to 5% subject to determination by local governments at the provincial level in light of the local conditions.

Corporate Income Tax

According to the EIT Law, a uniform income tax rate of 25% has been applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC, as well as PRC enterprises. The EIT Law adopts some transitional preferential measures for enterprises established before the promulgation of the EIT Law which enjoy low tax rates or tax reduction and exemption treatment for a fixed term under tax laws and administrative regulations in force at that time. According to these transitional measures, those which enjoy low tax rates will continue to enjoy the preferential treatment within five years from 1st January 2008 and will gradually transfer to the 25% tax rate; those which enjoy the fixed term tax exemption may continue to enjoy the treatment until the fixed term expires. However, for enterprises that have not made any profits and thus not enjoyed such fixed term exemptions, the period for enjoying preferential income tax treatment will be calculated from the year in which the EIT Law becomes effective.

Business Tax

Pursuant to the PRC Interim Regulations on Business Tax 《中華人民共和國營業稅暫行條例》 promulgated by the State Council in December 1993 (amended in November 2008) and its implementation rules, the tax rate of the transfer of immovable properties and intangible assets (including but not limited to land use right) and rental income is 5%.

Land Appreciation Tax

Under the PRC Interim Regulation on Land Appreciation Tax 《中華人民共和國土地增值稅暫行條例》 of 1994 and its implementation rules of 1995, land appreciation tax applies to both PRC domestic enterprises, foreign-invested enterprise and foreign investors in real properties in the PRC irrespective of whether they are corporate entities or individuals. The tax is payable by a taxpayer on the appreciation value derived from the transfer of land use rights, buildings or other facilities on such land, after deducting the “deductible items” that include the following:

- payments made to acquire land use rights;
- costs and charges incurred in connection with the land development;
- construction costs and charges in the case of newly constructed buildings and facilities;
- assessed value in the case of old buildings and facilities;
- taxes paid or payable in connection with the transfer of the land use rights, buildings or other facilities on such land; and
- other items allowed by the Ministry of Finance.

The tax rate is progressive and ranges from 30% to 60% of the appreciation value as compared to the “deductible items” as follows:

Appreciation value	LAT rate
Portion not exceeding 50% of deductible items	30%
Portion over 50% but not more than 100% of deductible items	40%
Portion over 100% but not more than 200% of deductible items	50%
Portion over 200% of deductible items	60%

Land Use Tax

Pursuant to the PRC Interim Regulations on Land Use Tax in respect of Urban Land 《中華人民共和國城鎮土地使用稅暫行條例》 promulgated by the State Council in September 1988 (amended in December 2006), the land use tax in respect of urban land is levied according to the area of relevant land.

As of 1st January 2007, annual land use tax is collected from foreign-invested enterprises at a rate per square metre of between RMB0.6 and RMB30.0 for urban land. The actual tax rate is determined by the local tax authorities.

Buildings Tax

Under the Interim Regulations of the People's Republic of China on Buildings Tax 《中華人民共和國房產稅暫行條例》 promulgated by the State Council in September 1986, real properties constructed for self use in the PRC should be subject to buildings tax based on the following basis:

1.2 % x (original cost of construction - 10% to 30% discount rate)

The discount rate varies according to location.

For real properties leased out in the PRC, buildings tax should be imposed as follows:

12% x rental income.

Stamp Duty

Under the PRC Interim Regulations on Stamp Duty 《中華人民共和國印花稅暫行條例》 promulgated by the State Council in August 1988, foreign enterprises and foreign invested enterprises are subject to stamp duty on all the taxable documents listed in the regulations. Stamp duty is levied on the execution or receipt in the PRC of certain documents, including contracts for the sale of real properties (including land).

The rate of stamp duty varies depending on the types of taxable documents. The stamp duty is 0.05% on the sale of real properties, payable by each of the transferor and the transferee.

Municipal Maintenance Tax

Under the PRC Interim Regulations on Municipal Maintenance Tax 《中華人民共和國城市維護建設稅暫行條例》 promulgated by the State Council in February 1985 and the Notice on the Issues Concerning the Levy of Municipal Maintenance Tax 《關於城市維護建設稅征收問題的通知》 issued by the State Administration of Taxation on 12 March 1994, any taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall be required to pay municipal maintenance tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county and a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town.

Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge for Foreign-invested Enterprises and Foreign Enterprises 《關於外商投資企業和外國企業暫不徵收城市維護建設稅和教育費附加的通知》， and the Approval on Exemption of Municipal Maintenance Tax and Education Surcharge in Foreign-Invested Freightage Enterprises 《關於外商投資貨物運輸企業徵免城市維護建設稅和教育費附加問題的批覆》 issued by State Administration of Taxation on 25th February 1994 and on 14th September 2005 respectively, the municipal maintenance tax is not applicable to foreign-invested enterprises until further explicit stipulations are issued by the State Council.

Education Surcharge

Under the Interim Provisions on Imposition of Education Surcharge 《徵收教育費附加的暫行規定》 promulgated by the State Council in April 1986 (last amended by the State Council in August 2005), any taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas. Education surcharge shall be calculated and levied at a rate of 3% on the actual amount of consumption, value-added tax and business tax paid by the taxpayer.

Under the Supplementary Notice Concerning Imposition of Education Surcharge 《國務院關於教育費附加徵收問題的補充通知》 issued by the State Council on 12th October 1994, the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge for Foreign-invested Enterprises and Foreign Enterprises 《關於外商投資企業和外國企業暫不徵收城市維護建設稅和教育費附加的通知》 and the Approval on Exemption of Municipal Maintenance Tax and Education Surcharge in Foreign-Invested Freightage Enterprises 《關於外商投資貨物運輸企業徵免城市維護建設稅和教育費附加問題的批覆》 issued by State Administration of Taxation on 25th February 1994 and on 14th September 2005 respectively, the education surcharge is not applicable to enterprises with foreign investment until further explicit stipulations are issued by the State Council.

Arrangement for avoidance of double taxation between mainland and Hong Kong

We are subject to the Arrangement for Avoidance of Double Taxation with respect to Hong Kong taxes from the year of assessment beginning on or after 1st April 2007 and with respect to PRC taxes from the taxable year beginning on or after 1st January 2007. Dividends we receive from our operating subsidiaries in the PRC could be subject to a 5% withholding tax rate under the Avoidance of Double Taxation Arrangement so long as we hold at least 25% of equity interests in our PRC operating entities and upon the PRC tax authority approving our application required under the Tentative Administrative Measures on Tax Convention Treatments for Non-Residents 《非居民享受稅收協定待遇管理辦法(試行)》 (“**Circular 124**”).

Interest payments we receive from our bona fide loans to our operating subsidiaries or other entities in the PRC will be subject to a 7% withholding tax rate under the Avoidance of Double Taxation Arrangement, provided that we meet the conditions under Circular of the State Administration of Taxation on How to Understand and Determine “Beneficial Owners” under Tax Conventions 《關於如何理解和認定稅收協定中“受益所有人”的通知》 (“**Circular 601**”) and Circular 124. Royalty payments we receive from licensing of our intellectual properties to our operating subsidiaries or other entities in the PRC will also be subject to 7% withholding tax rate under the Avoidance of Double Taxation Arrangement, subject to Circular 601 and Circular 124 as mentioned above.

HONG KONG TAXATION

Dividends

No tax is imposed in Hong Kong in respect of dividends the Company pays to the Shareholders. Dividends paid to the Shareholders are free of withholding taxes in Hong Kong.

Capital gains and profit tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of the Shares. Trading gains from the sale of the Shares by persons carrying on a business in Hong Kong, where such gains are sourced in Hong Kong and arise from such business, will be chargeable to Hong Kong profits tax. Currently, profits tax is imposed on corporations at the rate of 16.5% and on individuals at the rate of 15.0%. Gains from sale of the Shares effected on the Stock Exchange will be considered to be sourced in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sale of the Shares effected on the Stock Exchange realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp duty

Hong Kong stamp duty will be payable by the purchaser on every purchase, and by the seller on every sale, of the Shares. The duty is charged at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred on each sale and purchase. In other words, a total of 0.2% of stamp duty is currently payable on a typical sale and purchase transaction of the Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5. Where a sale or purchase of the Shares is effected by a non Hong Kong resident and any stamp duty payable on the contract notes is not paid, the relevant instrument of transfer (if any) will be chargeable with such duty, together with the duty otherwise chargeable thereon, and the transferee will be liable to pay such duty.

Estate duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11th February 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose deaths occur on or after 11th February 2006.

This Appendix VIII contains a summary of the Articles of Association. The principal objective is to provide potential investors with an overview of the Articles of Association. Because the information contained below is in summary form, it does not contain all of the information that may be important to potential investors. As stated in the section headed “Documents Available for Inspection” in Appendix X “Documents Delivered to the Registrar of Companies and Available for Inspection” to this prospectus, a copy of the Articles of Association is available for inspection.

The existing Articles of Association of the Company were adopted on 1st April 2010. The following is a summary of certain provisions of the Articles of Association. The powers conferred or permitted by the Articles of Association are subject to the provisions of the Companies Ordinance, other Ordinances, subsidiary legislation and the Listing Rules.

CHANGES IN CAPITAL

The Company may issue shares which can be redeemed. This can include shares redeemable at the election of the holders, as well as shares redeemable at the election of the Company.

The Company may purchase or otherwise acquire its own shares and warrants (including any redeemable shares) or to give, directly or indirectly, by means of a loan, guarantee, the provision of securities or otherwise, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any shares or warrants in the Company. Neither the Company nor the Board of Directors will be required to select the shares or warrants to be purchased in any particular manner.

The Company may, by ordinary resolution, increase its authorised share capital, and such resolution will fix the amount of the increase and the nominal amount of the new shares.

The Company may, by ordinary resolution:

- (a) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association so that the resolution whereby any share is subdivided may determine that as between the holders of the shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions, as the Company has power to attach to unissued or new shares;
- (b) consolidate and divide its capital or any part thereof into shares of larger amount than its existing shares; or
- (c) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and reduce the amount of its authorised share capital by the amount of the shares so cancelled.

Save as provided by contract or the Companies Ordinance or the Articles of Association to the contrary, all unissued shares shall be at the disposal of the Directors, who may offer, allot, grant options over, or otherwise deal with or dispose of the same to such persons and upon such terms as they shall consider fit. No shares shall be issued at a discount to their nominal value except in accordance with the provisions of the Companies Ordinance.

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner permitted by law.

MODIFICATION OF RIGHTS

The special rights or privileges attached to any class of shares in the capital of the Company may be altered or abrogated (unless otherwise provided for by such rights) either with the consent in writing of the holders of at least three-quarters of the issued shares of that class or by a special resolution passed at a separate meeting of the holders of the shares of that class.

The provisions of the Articles of Association relating to general meetings apply to any such class meeting, but the quorum shall be one or more persons holding or representing by proxy one-third in nominal value of the issued shares of that class, and any holder of the shares of the class present in person or by proxy may demand a poll. On a poll every shareholder present in person or by proxy has one vote for every share of that class he owns.

TRANSFERS OF SHARES

All transfer of shares must be effected by transfer in writing. The instrument of transfer must be executed by or on behalf of the transferor and the transferee. The transferor remains the holder of the share until the name of the transferee is entered in the register. Nothing in the Articles of Association will preclude the Directors from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

All instruments of transfer will be retained by the Company if the Board of Directors decides to register the share transfer. The Board of Directors may, without giving any reason, decline to register any share which is not fully paid.

The Board of Directors may also decline to register any transfer unless:

- (a) the instrument of transfer is in respect of only one class of shares;
- (b) the instrument of transfer is properly stamped;
- (c) in the case of transfer to joint holders, the number of transferees does not exceed four;
- (d) the shares concerned are free of any lien in favour of the Company; and
- (e) such other conditions as the Board of Directors may from time to time impose for the purpose of guarding against losses arising from forgery are satisfied.

If the Board of Directors decline to register a transfer, they will, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

No transfer shall be made to a minor or to a person of unsound mind or under other legal disability.

OWNERSHIP OF SHARES

There is no provision in the Articles of Association on restrictions of ownership of shares in the Company.

VOTING AT MEETINGS

Subject to any special rights, privileges or restrictions as to voting attached to any class of shares, at any general meeting on a show of hands every member who is present in person has one vote, and on a poll every member present in person or by proxy has one vote for every fully paid up share which he holds. On a poll, votes may be given either personally or by proxy and a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. In the case of an equality of votes at any general meeting, whether upon a show of hands or on a poll, the chairman of the meeting shall be entitled to a second or casting vote.

Any member entitled to attend and vote at a general meeting is entitled to appoint another person (who need not be a member of the Company) as his proxy to attend and vote instead of him.

QUALIFICATION OF DIRECTORS

No Director is required to hold any qualification shares. No person is required to vacate office or is ineligible for re-election or re-appointment as a Director, and no person is ineligible for appointment as a Director, by reason only of his having attained any particular age.

BORROWING POWERS

The Board of Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital. The Board of Directors may issue debentures, debenture stocks, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. These provisions, in common with the Articles of Association of the Company in general, can be varied by a special resolution.

DIRECTORS' REMUNERATION AND EXPENSES

The Directors are entitled to receive remuneration by way of fees for their services such sum as the Board of Directors determine (not exceeding such aggregate sum as the Company in general meeting will from time to time authorise). Unless the resolution which fixes the fees provides otherwise the Directors will decide on the way in which the total fees will be divided. If the Directors fail to agree on the way to divide the fees, the fees will be divided equally, except that in the event of any Director holding office for less than the whole of the relevant period for which the fees are paid, he will only receive part of this amount in proportion to the amount of time he has been a Director.

The Directors are entitled to be repaid all travel, hotel and other expenses reasonably incurred in attending and returning from board meetings, committee meetings, general meetings or separate meetings of the holders of any class of shares or debenture of the Company or otherwise incurred in connection with the Company's business or in the performance of their duties as Directors. The Board of Directors may grant special remuneration to any Director who performs services which, in the

opinion of the Board of Directors, go beyond his ordinary duties as a Director. Such special remuneration may be paid to a Director in addition to any fees or ordinary remuneration as a Director, and may be paid by lump sum or by way of salary, commission, participation in profits or in any other way.

Notwithstanding the above, the remuneration of a managing director, joint managing director, deputy managing director or other executive director or a Director appointed to any other office in the management of the Company is fixed by the Board of Directors and may be payable by way of salary, commission, participation in profits or in any other ways and with other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board of Directors may decide. Such remuneration is in addition to his fees or ordinary remuneration as a Director.

DIRECTORS' INTERESTS

No Director, alternate director or intended Director will be disqualified by his office from contracting with the Company, nor will any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way directly or indirectly interested be liable to be avoided, nor will any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of any fiduciary relationship thereby established, provided that a Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall, if his interest in the contract or arrangement or proposed contract or arrangement is material, declare the nature of his interest at a meeting of the Board of Directors. He needs to declare such interest at the meeting of the Board of Directors at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board of Directors after he knows that he is or has become so interested.

A Director will not vote nor be counted in the quorum in respect of any resolution of the Board of Directors approving any contract or arrangement or proposed contract or arrangement in which he or any of his associate(s) is materially interested. However, this prohibition does not apply to any of the following matters:

- (a) any contract or arrangement or proposed contract or arrangement for the giving of any security or indemnity to the Director or his associate(s) in respect of money lent by or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) any contract or arrangement or proposed contract or arrangement for the giving by the Company of any guarantee, security or indemnity to a third party in respect of a debt or an obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (c) any contract or arrangement or proposed contract or arrangement in relation to an offer or invitation of shares or debentures or other securities of or by the Company for subscription or purchase where the Director or his associate(s) is or is to be interested as a participant in the underwriting or sub-underwriting of the offer or invitation;

- (d) any contract or arrangement or proposed contract or arrangement with any other company in which the Director or his associate(s) is/are interested only as an officer of that other company;
- (e) any contract or arrangement or proposed contract or arrangement in relation to or concerning any other company in which the Director or any of his associate(s) is interested, directly or indirectly, as a holder of shares or other securities of that company, provided that the aggregate interest of such Director and his associate(s) in such shares or securities is less than five per cent, of such issued shares or securities or the voting rights attaching to such issued shares or securities; and
- (f) any contract or arrangement or proposed contract or arrangement concerning the adoption, modification or operation of any employees' share scheme under which the Director or his associate(s) may benefit.

A Director may continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company in which the Company may be interested, and (unless otherwise agreed) no such Director shall be accountable for any remuneration or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any such other company. The Directors may exercise the voting powers conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of such other company in such manner as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company), and any Director may vote in favour of the exercise of such voting rights in the manner aforesaid notwithstanding that he may be, or be about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in the manner aforesaid.

A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which it may be interested as a vendor, shareholder or otherwise and no such Director shall be accountable for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in such other company.

A Director may act by himself or by his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing in the Articles of Association authorises a Director or his firm to act as the auditors.

DIVIDENDS

The Shareholders can declare dividends by passing an ordinary resolution which may not exceed the amount recommended by the Directors. All dividends unclaimed for one year after having become payable may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. If a dividend has not been claimed for six years after having become payable, it may be forfeited and will revert to the Company. The payment into a separate account of any moneys payable in respect of a dividend will not constitute the Company a trustee in respect thereof for any

person. The Directors can offer shareholders the right to choose to receive extra shares, which are credited as fully paid up, instead of some or all of their cash dividend. The Company may, upon the recommendation of the Board of Directors, by special resolution resolve in respect of any one particular dividend of the Company that a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

INDEMNITY

Every Director, secretary or other officer and the auditors of the Company will be indemnified out of the assets of the Company against all liabilities incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief from liability is granted to him by the court.

WINDING UP

If the Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the members in specie or in kind the whole or any part of the assets of the Company, and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of the members as he may determine, but no member shall be compelled to accept any shares or assets upon which there is a liability.

A. FURTHER INFORMATION ABOUT THE COMPANY**1. Incorporation**

The Company was incorporated in Hong Kong under the Companies Ordinance as a limited company on 3rd November 1972 and commenced business on 23rd November 1972. The Company's registered office is at 35th Floor, Two Pacific Place, 88 Queensway, Hong Kong. A summary of the Articles of Association of the Company is set out in Appendix VIII "Summary of the Constitution of the Company" to this prospectus.

2. Changes in the Share Capital of the Company

As at the date of incorporation of the Company, its initial authorised share capital was HK\$2,510,000 divided into 800 preference shares of HK\$10.00 each, 200 deferred shares of HK\$10.00 each and 250,000 ordinary shares of HK\$10.00 each.

Pursuant to a series of resolutions of the Shareholders passed between 19th March 1973 and 29th May 1981, the authorised share capital of the Company was increased to HK\$800,000,000 divided into 629,500,000 Shares and 170,500,000 preference shares of HK\$1.00 each.

The 170,500,000 preference shares of HK\$1.00 each were redeemed for cash at par on 30th June 1982. As a result of the redemption, the authorised share capital of HK\$800,000,000 became divided into 800,000,000 Shares.

As at 1st January 2008, the Company's entire issued share capital, comprising 612,036,542 Shares, was held by Swire Pacific.

Pursuant to ordinary resolutions of the Company passed as of 31st December 2009, the authorised share capital of the Company was increased from HK\$800,000,000 to HK\$30,000,000,000 divided into 30,000,000,000 Shares. Pursuant to a Directors' resolution passed as of the same day, a further 3,969,615,000 Shares were allotted for cash at par to Swire Pacific.

Pursuant to a Directors' resolution passed as of 25th January 2010, a further 1,108,132,451 Shares credited as fully paid up were allotted to Swire Pacific in consideration of the receipt from Swire Pacific of the following assets valued in total at US\$142,068,263 (equivalent to HK\$1,108,132,451):

- (a) Swire Properties US Inc. stock of US\$26,920,234 (equivalent to HK\$209,977,825);
- (b) Swire Properties One Inc. stock of US\$45,548,029 (equivalent to HK\$355,274,626); and
- (c) loan notes due by Swire Properties US Inc. totalling US\$69,600,000 (equivalent to HK\$542,880,000).

Pursuant to a Directors' resolution passed as of 31st January 2010, a further 216,007 Shares credited as fully paid up were allotted to Swire Pacific on capitalisation of retained profit of HK\$216,007.

As at the Latest Practicable Date, the Company's entire issued share capital, comprising 5,690,000,000 Shares, was held by Swire Pacific.

Save as disclosed in this prospectus, there has been no alteration in the share capital of the Company within two years immediately preceding the date of this prospectus.

3. Changes in the Share Capital of the Company's Principal Subsidiaries

The Company's principal subsidiaries as at 31st December 2009 are set out in the Accountant's Report, the text of which is set out in Appendix I to this prospectus. The following alterations in the share capital of the Company's principal subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

1. *New Light Hotels Limited (incorporated in the United Kingdom)*

On 2nd October 2008, 4,000,000 ordinary shares of £1 each were allotted and issued to Golden Tent Limited, credited as fully paid, in satisfaction of the discharge of £4,000,000 of debt owed by New Light Hotels Limited to Golden Tent Limited.

On 17th December 2009, 5,000,000 ordinary shares of £1 each were allotted and issued to Golden Tent Limited, credited as fully paid, in satisfaction of the discharge of £5,000,000 of debt owed by New Light Hotels Limited to Golden Tent Limited.

2. *TaiKoo Hui (Guangzhou) Development Company Limited (incorporated in the PRC)*

On 8th June 2009, TaiKoo Hui (Guangzhou) Development Company Limited 太古滙(廣州)發展有限公司 increased its registered capital from RMB1,344,000,000 to RMB2,000,000,000.

3. *Beijing Sanlitun North Property Management Company Limited (incorporated in the PRC)*

On 17th August 2009, Beijing Sanlitun North Property Management Company Limited 北京三里屯北區物業管理有限公司 increased its registered capital from RMB1,042,000,000 to RMB1,392,000,000.

4. *Beijing Sanlitun South Property Management Company Limited (incorporated in the PRC)*

On 17th August 2009, Beijing Sanlitun South Property Management Company Limited 北京三里屯南區物業管理有限公司 increased its registered capital from RMB1,248,000,000 to RMB1,598,000,000.

5. *Beijing Sanlitun Hotel Management Company Limited (incorporated in the PRC)*

On 19th May 2009, Beijing Sanlitun Hotel Management Company Limited 北京三里屯酒店管理有限公司 increased its registered capital from RMB260,000,000 to RMB400,000,000.

Save as aforesaid, there has been no other alteration in the share capital of the principal subsidiaries of the Company in the two years immediately preceding the date of this prospectus.

4. Particulars of Principal Subsidiaries

For a summary of the corporate information of our principal subsidiaries, please refer to note 45 of the Accountant's Report in Appendix I to this prospectus.

5. Written Resolutions of the Shareholder Dated as of 14th April 2010

Pursuant to the resolutions in writing by the Shareholder dated as of 14th April 2010:

- (a) conditional upon (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering and (ii) the obligations of the Underwriters under each of the Underwriting Agreements becoming unconditional and not having been terminated in accordance with the terms of the respective agreements or otherwise on or before such dates as may be specified in the respective Underwriting Agreements, the Global Offering and the Listing were approved, and the Directors (and such other person or persons as the Directors may authorise for one or more of the purposes contemplated below at a duly convened meeting of the Directors) were authorised to do all things and to execute all documents in connection with or incidental to the Global Offering and/or the Listing with such amendments or modifications (if any) as the Directors may consider necessary or appropriate and to allot and issue, and to approve the transfer of, such number of Shares in connection with the Global Offering as they see fit, on the terms and conditions stated in this prospectus and the relevant Application Forms;
- (b) the exercise by the Directors during the "relevant period" (as defined below in this paragraph) of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements and options which will or might require the exercise of such powers during or after the end of the relevant period was approved, provided that the aggregate nominal amount of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the resolution other than pursuant to:
 - (i) a "rights issue" (as defined below in this paragraph); or
 - (ii) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares

shall not exceed the aggregate of:

- (I) 20 per cent of the aggregate nominal amount of the Shares in issue as at the date on which dealings in the Shares commence on the Stock Exchange provided that the aggregate nominal amount of the Shares so allotted (or so agreed conditionally or unconditionally to be allotted) pursuant to the resolution wholly for cash shall not exceed 5 per cent of the aggregate nominal amount of the Shares in issue as at the date on which dealings in the Shares commence on the Stock Exchange; and
- (II) (if the Directors are so authorised by a separate ordinary resolution of the Shareholder of the Company) the aggregate nominal amount of any Shares repurchased by the Company subsequent to the passing of the share allotment mandate (up to a maximum equivalent to 10% of the aggregate nominal amount of Shares in issue as at the date on which dealings in the Shares commence on the Stock Exchange); and

for the purpose of this paragraph:

- (i) “relevant period” means the period from the passing of the resolution until the earliest of:
 - a. the conclusion of the next annual general meeting of the Company; and
 - b. the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
 - c. the revocation or variation of the authority given under the resolution by ordinary resolution of the shareholders in general meeting; and
- (ii) “rights issue” means an offer of Shares to holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong);
- (c) the exercise by the Directors during the “relevant period” (as defined below in this paragraph) of all the powers of the Company to make on-market share repurchases (within the meaning of the Hong Kong Code on Share Repurchases) was approved, provided that the aggregate nominal amount of the Company’s Shares which may be repurchased pursuant to such approval shall not exceed 10 per cent of the aggregate nominal amount of the Shares in issue as at the date on which dealings in the Shares commence on the Stock Exchange; and

for the purpose of this paragraph:

- (i) “relevant period” means the period from the passing of the resolution until the earliest of:
 - a. the conclusion of the next annual general meeting of the Company;
 - b. the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
 - c. the revocation or variation of the authority given under the resolution by ordinary resolution of the shareholders in general meeting; and
- (ii) references to “Shares” include securities which carry a right to subscribe for or purchase shares; and
- (d) the exercise by the Directors of the powers of the Company referred to in paragraph 5(b) above in respect of the share capital of the Company referred to in subparagraph (II) of paragraph 5(b) above was approved.

6. Repurchase by the Company of its Own Shares

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholders' approval

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and Articles of Association of the Company and the Listing Rules and the applicable laws of Hong Kong. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by the Company may be made out of the Company's funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of the Company's share premium account.

(iii) Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vii) Connected persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for Repurchases

The Directors believe that the ability to repurchase Shares is in the interests of the Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors sought the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(c) Funding of Repurchases

In repurchasing securities, the Company may only apply funds lawfully available for such purpose in accordance with its Memorandum of Association and Articles of Association, the Listing Rules and the applicable laws of Hong Kong.

There could be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in this prospectus) in the event that the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(d) General

Exercise in full of the repurchase mandate, on the basis of assuming that there are approximately 6,600,000,000 Shares in issue as at the date on which dealings in the Shares commence on the Stock Exchange, could accordingly result in up to approximately 660,000,000 Shares being repurchased by the Company during the period prior to:

- the conclusion of the next annual general meeting of the Company;
- the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- the revocation or variation of the repurchase mandate by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws in Hong Kong.

The Directors are not aware of any consequences which the exercise in full of the repurchase mandate would have under the Hong Kong Code on Takeovers and Mergers.

No connected person of the Company has notified the Company that he or she has a present intention to sell Shares to the Company, or has undertaken not to do so, if the repurchase mandate is exercised.

B. CORPORATE REORGANISATION

For details of the major steps of the reorganisation effected in preparation for the listing of the Company, please refer to the section headed “History and Reorganisation — Reorganisation” in this prospectus.

C. FURTHER INFORMATION ABOUT THE COMPANY’S BUSINESS**1. Summary of Material Contracts**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (a) the Hong Kong Underwriting Agreement;
- (b) a cornerstone investment agreement dated 23rd April 2010 entered into among the Company, APG Algemene Pensioen Groep N.V. in its capacity as manager of the APG Pool, Stichting Depository APG Strategic Real Estate Pool in its capacity as depository of the APG Pool and the Joint Global Coordinators, pursuant to which the APG Pool has agreed to subscribe for such number of Offer Shares at the Offer Price as may be purchased with HK\$1,556 million; and
- (c) a cornerstone investment agreement dated 27th April 2010 entered into between the Company, Bank of China Group Investment Limited and the Joint Global Coordinators, pursuant to which Bank of China Group Investment Limited has agreed to subscribe for such number of Offer Shares at the Offer Price as may be purchased with the HK dollar equivalent of US\$100 million.

2. Intellectual Property Rights of the Group*Trademarks*

As at the Latest Practicable Date, members of the Group have registered or applied for the following trademarks:

Trademarks

- (a) As at the Latest Practicable Date, the following registered trademarks were licensed to our Group:

<u>Trademark</u>	<u>Registered Owner</u>	<u>Class</u>	<u>Application Date</u>	<u>Renewal Date</u>	<u>Registration Number</u>	<u>Place of Registration</u>
TAIKOO	JSS	30	27/09/1989	19/09/2010	529031	PRC
太古	JSS	16	09/12/1992	13/04/2014	685876	PRC
TAIKOO	JSS	16	09/12/1992	13/04/2014	685877	PRC
TAIKOO	JSS	12	09/12/1992	27/04/2014	687698	PRC









APPENDIX IX

STATUTORY AND GENERAL INFORMATION

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
太古	JSS	12	09/12/1992	27/04/2014	687699	PRC
TAIKOO	JSS	41	30/09/1993	06/12/2014	773202	PRC
太古	JSS	41	30/09/1993	06/12/2014	773203	PRC
TAIKOO	JSS	38	30/09/1993	06/01/2015	775220	PRC
太古	JSS	38	30/09/1993	06/01/2015	775221	PRC
TAIKOO	JSS	40	30/09/1993	13/01/2015	775681	PRC
太古	JSS	40	30/09/1993	13/01/2015	775682	PRC
太古	JSS	42	30/09/1993	06/02/2015	777405	PRC
TAIKOO	JSS	42	30/09/1993	06/02/2015	777407	PRC
太古	JSS	35	30/09/1993	13/02/2015	777508	PRC
TAIKOO	JSS	35	30/09/1993	13/02/2015	777529	PRC
TAIKOO	JSS	37	30/09/1993	13/02/2015	777786	PRC
太古	JSS	39	30/09/1993	13/02/2015	777811	PRC
TAIKOO	JSS	39	30/09/1993	13/02/2015	777812	PRC
太古	JSS	37	30/09/1993	13/02/2015	777840	PRC
TAIKOO	JSS	36	30/09/1993	27/02/2015	778600	PRC
太古	JSS	36	30/09/1993	13/03/2015	779260	PRC
太古	JSS	41	16/08/1996	20/09/2017	1109214	PRC
TAIKOO	JSS	36	02/03/1992	02/03/2013	199506526	Hong Kong
TAIKOO	JSS	41	02/03/1992	02/03/2013	199506529	Hong Kong
太古	JSS	41	02/03/1992	02/03/2013	199506533	Hong Kong
TAIKOO SHING (MANAGEMENT)	JSS	36	17/06/1993	17/06/2014	199606844	Hong Kong
太古	JSS	36	02/03/1992	02/03/2013	199609309	Hong Kong













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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
TAIKOO	JSS	37	02/03/1992	02/03/2013	199700303	Hong Kong
太古	JSS	37	02/03/1992	02/03/2013	199700304	Hong Kong
! 太 古 城 中 心	JSS	16, 28, 35, 36, 39, 41, 42, 43, 45	N/A	20/01/2014	199915983AA	Hong Kong
^A  ISLAND EAST ^B  ISLAND EAST	JSS	16, 28, 35, 36, 39, 41, 42, 43, 45	10/01/2007	09/01/2017	300794340	Hong Kong
^A  港 島 東 ^B  港 島 東	JSS	16, 28, 35, 36, 39, 41, 42, 43, 45	10/01/2007	09/01/2017	300794359	Hong Kong
^A ! 太 古 城 中 心	JSS	19, 25	14/02/2007	13/02/2017	300816246	Hong Kong
^B ! 太 古 城 中 心	JSS	19, 25	14/02/2007	13/02/2017	300816246	Hong Kong
^A 太 古 城 中 心 冰 上 皇 宮	JSS	16, 19, 28, 35, 36, 39, 41, 42, 43, 45	14/02/2007	13/02/2017	300816264	Hong Kong
^B 太 古 城 中 心 冰 上 皇 宮	JSS	16, 19, 28, 35, 36, 39, 41, 42, 43, 45	14/02/2007	13/02/2017	300816264	Hong Kong
^A  ISLAND EAST ^B  ISLAND EAST	JSS	19, 25	14/02/2007	13/02/2017	300816273	Hong Kong
^A  港 島 東 ^B  港 島 東	JSS	19, 25	14/02/2007	13/02/2017	300816282	Hong Kong



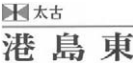
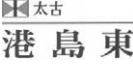
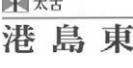
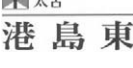
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STATUTORY AND GENERAL INFORMATION

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	JSS	16, 19, 25, 28, 35, 36, 39, 41, 42, 43, 45	05/10/2007	04/10/2017	300967690	Hong Kong
	JSS	16, 19, 25, 28, 35, 36, 39, 41, 42, 43, 45	20/07/2009	19/07/2019	301387431	Hong Kong
	JSS	12	09/12/1992	27/04/2014	687700	PRC
	JSS	16	09/12/1992	13/04/2014	685870	PRC
	JSS	35	30/09/1993	13/02/2015	777507	PRC
	JSS	36	30/09/1993	13/03/2015	779365	PRC
	JSS	37	30/09/1993	13/02/2015	777784	PRC
	JSS	38	30/09/1993	06/01/2015	775219	PRC
	JSS	39	30/09/1993	13/02/2015	777810	PRC
	JSS	40	30/09/1993	13/01/2015	775680	PRC
	JSS	41	30/09/1993	06/12/2014	773201	PRC
	JSS	42	30/09/1993	13/02/2015	777926	PRC
SWIRE	JSS	12	09/12/1992	13/05/2014	689622	PRC
SWIRE	JSS	16	09/05/1995	27/02/2017	952365	PRC
















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STATUTORY AND GENERAL INFORMATION

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
SWIRE	JSS	35	30/09/1993	13/02/2015	777528	PRC
SWIRE	JSS	36	30/09/1993	13/03/2015	779387	PRC
SWIRE	JSS	37	30/09/1993	13/02/2015	777839	PRC
SWIRE	JSS	38	30/09/1993	06/01/2015	775222	PRC
SWIRE	JSS	39	30/09/1993	13/02/2015	777813	PRC
SWIRE	JSS	40	30/09/1993	13/01/2015	775679	PRC
SWIRE	JSS	41	30/09/1993	06/12/2014	773204	PRC
SWIRE	JSS	42	30/09/1993	06/02/2015	777406	PRC
	JSS	36	02/03/1992	02/03/2013	199603090	Hong Kong
	JSS	41	02/03/1992	02/03/2013	199507163	Hong Kong
PACIFIC FORUM 太古匯	JSS	16	15/01/1999	15/01/2016	200207522	Hong Kong
PACIFIC FORUM 太古匯	JSS	36, 37, 39	N/A	15/01/2016	200105247AA	Hong Kong
SWIRE	JSS	36	02/03/1992	02/03/2013	199508664	Hong Kong
SWIRE	JSS	41	02/03/1992	02/03/2013	199505824	Hong Kong
SWIRE PROPERTIES	JSS	36, 37	N/A	13/06/2014	200015167AA	Hong Kong
	JSS	45	11/01/2007	27/01/2020	5840429	PRC
	JSS	39	11/01/2007	27/03/2020	5840430	PRC
	JSS	41	11/01/2007	27/03/2020	5840431	PRC
	JSS	42	11/01/2007	27/03/2020	5840432	PRC

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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
 港島東	JSS	28	11/01/2007	06/01/2020	5840433	PRC
 港島東	JSS	35	11/01/2007	13/04/2020	5840434	PRC
 港島東	JSS	36	11/01/2007	06/02/2020	5840435	PRC
 ISLAND EAST	JSS	45	11/01/2007	27/01/2020	5840437	PRC
 ISLAND EAST	JSS	41	11/01/2007	27/03/2020	5840438	PRC
 ISLAND EAST	JSS	42	11/01/2007	13/04/2020	5840439	PRC
 ISLAND EAST	JSS	35	11/01/2007	13/04/2020	5840441	PRC
 ISLAND EAST	JSS	36	11/01/2007	06/02/2020	5840442	PRC
 ISLAND EAST	JSS	39	11/01/2007	13/04/2020	5840443	PRC
 ISLAND EAST	JSS	16	11/01/2007	06/11/2019	5840444	PRC
 港島東	JSS	16	11/01/2007	06/11/2019	5840445	PRC
 ISLAND EAST	JSS	28	11/01/2007	20/01/2020	5840446	PRC
 ISLAND EAST	JSS	25	15/02/2007	27/03/2020	5919907	PRC
 ISLAND EAST	JSS	19	15/02/2007	13/12/2019	5919908	PRC
 港島東	JSS	25	15/02/2007	20/02/2020	5919909	PRC
太古城中心冰上皇宮	JSS	45	08/03/2007	13/02/2020	5934908	PRC
太古城中心冰上皇宮	JSS	43	08/03/2007	27/02/2020	5934909	PRC
太古城中心冰上皇宮	JSS	42	08/03/2007	13/04/2020	5934910	PRC

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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
太古城中心冰上皇宮	JSS	41	08/03/2007	13/04/2020	5934911	PRC
太古城中心冰上皇宮	JSS	39	08/03/2007	13/04/2020	5934912	PRC
太古城中心冰上皇宮	JSS	35	08/03/2007	13/04/2020	5934913	PRC
太古城中心冰上皇宮	JSS	28	08/03/2007	20/02/2020	5934914	PRC
太古城中心冰上皇宮	JSS	25	08/03/2007	27/03/2020	5934915	PRC
太古城中心冰上皇宮	JSS	19	08/03/2007	20/12/2019	5934916	PRC
太古城中心冰上皇宮	JSS	36	08/03/2007	20/02/2020	5934917	PRC
! 太古城中心	JSS	45	08/03/2007	13/02/2020	5934918	PRC
! 太古城中心	JSS	16	08/03/2007	13/12/2019	5934919	PRC
! 太古城中心	JSS	19	08/03/2007	20/12/2019	5934920	PRC
! 太古城中心	JSS	28	08/03/2007	20/03/2020	5934922	PRC
! 太古城中心	JSS	35	08/03/2007	20/04/2020	5934923	PRC
! 太古城中心	JSS	36	08/03/2007	20/02/2020	5934924	PRC
! 太古城中心	JSS	39	08/03/2007	20/04/2020	5934925	PRC
! 太古城中心	JSS	41	08/03/2007	20/04/2020	5934926	PRC
! 太古城中心	JSS	42	08/03/2007	20/04/2020	5934927	PRC
! 太古城中心	JSS	16	08/03/2007	13/12/2019	5934928	PRC
! 太古城中心	JSS	19	08/03/2007	20/12/2019	5934929	PRC
! 太古城中心	JSS	28	08/03/2007	20/03/2020	5934931	PRC
! 太古城中心	JSS	35	08/03/2007	20/04/2020	5934932	PRC
! 太古城中心	JSS	36	08/03/2007	20/02/2020	5934933	PRC



Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
! 太古城中心	JSS	39	08/03/2007	20/04/2020	5934934	PRC
! 太古城中心	JSS	41	08/03/2007	20/04/2020	5934935	PRC
! 太古城中心	JSS	42	08/03/2007	20/04/2020	5934936	PRC
! 太古城中心	JSS	43	08/03/2007	27/02/2020	5934937	PRC
! 太古城中心	JSS	45	08/03/2007	13/02/2020	5934944	PRC
! 太古城中心	JSS	43	08/03/2007	27/02/2020	5934945	PRC
太古城中心冰上皇宮	JSS	16	08/03/2007	13/12/2019	5934946	PRC
	JSS	19	09/10/2007	13/03/2020	6313277	PRC
	JSS	16	09/10/2007	06/03/2020	6313278	PRC
	JSS	45	09/10/2007	27/03/2020	6313279	PRC
	JSS	45	09/10/2007	27/03/2020	6313280	PRC
	JSS	43	09/10/2007	27/03/2020	6313281	PRC
	JSS	36	09/10/2007	27/03/2020	6313285	PRC
	JSS	28	09/10/2007	06/04/2020	6313287	PRC

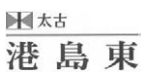

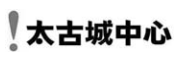








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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	JSS	25	09/10/2007	06/04/2020	6313288	PRC
	JSS	19	09/10/2007	13/03/2020	6313289	PRC
	JSS	16	09/10/2007	06/03/2020	6313290	PRC
	JSS	43	09/10/2007	27/03/2020	6313299	PRC
	JSS	36	09/10/2007	27/03/2020	6313303	PRC
	JSS	28	09/10/2007	06/04/2020	6313305	PRC
	JSS	25	09/10/2007	06/04/2020	6313306	PRC










(b) As at the Latest Practicable Date, the following trademarks, which registration have been applied for, were licensed to the Group:







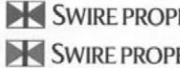

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
 港島東	JSS	43	11/01/2007	5840428	PRC
 ISLAND EAST	JSS	43	11/01/2007	5840440	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	JSS	19	15/02/2007	5919906	PRC
	JSS	25	08/03/2007	5934921	PRC
	JSS	25	08/03/2007	5934930	PRC
	JSS	42	09/10/2007	6313282	PRC
	JSS	41	09/10/2007	6313283	PRC
	JSS	35	09/10/2007	6313286	PRC
	JSS	42	09/10/2007	6313300	PRC
	JSS	41	09/10/2007	6313301	PRC
	JSS	39	09/10/2007	6313302	PRC
	JSS	35	09/10/2007	6313304	PRC
	JSS	39	09/10/2007	6313284	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	JSS	43	21/07/2009	7557995	PRC
	JSS	42	21/07/2009	7557996	PRC
	JSS	41	21/07/2009	7557997	PRC
	JSS	39	21/07/2009	7557998	PRC
	JSS	36	21/07/2009	7557999	PRC
	JSS	35	21/07/2009	7558000	PRC
	JSS	28	21/07/2009	7558001	PRC
	JSS	25	21/07/2009	7558002	PRC
	JSS	19	21/07/2009	7558003	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	JSS	16	21/07/2009	7558004	PRC
	JSS	45	21/07/2009	7558035	PRC
	JSS	45	17/08/2009	7624575	PRC
	JSS	16	17/08/2009	7624901	PRC
	JSS	19	17/08/2009	7624902	PRC
	JSS	25	17/08/2009	7624903	PRC
	JSS	28	17/08/2009	7624904	PRC
	JSS	35	17/08/2009	7624905	PRC
	JSS	36	17/08/2009	7624906	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	JSS	39	17/08/2009	7624907	PRC
	JSS	41	17/08/2009	7624908	PRC
	JSS	42	17/08/2009	7624909	PRC
	JSS	43	17/08/2009	7624910	PRC
	JSS	16	17/08/2009	7624911	PRC
	JSS	19	17/08/2009	7624912	PRC
	JSS	25	17/08/2009	7624913	PRC
	JSS	28	17/08/2009	7624914	PRC
	JSS	35	17/08/2009	7624915	PRC








Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	JSS	36	17/08/2009	7624916	PRC
	JSS	39	17/08/2009	7624917	PRC
	JSS	41	17/08/2009	7624918	PRC
	JSS	42	17/08/2009	7624919	PRC
	JSS	43	17/08/2009	7624920	PRC
	JSS	45	17/08/2009	7924925	PRC
	JSS	16	20/01/2010	301526562	Hong Kong
	JSS	16	20/01/2010	301526571	Hong Kong

(c) As at the Latest Practicable Date, members of the Group have registered the following trademarks:

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
Festival Walk 又一城	Festival Walk Holdings Limited	36	04/09/1996	06/10/2017	1117998	PRC

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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
Festival Walk 又一城	Festival Walk Holdings Limited	39	04/09/1996	13/10/2017	1119737	PRC
Festival Walk 又一城	Festival Walk Holdings Limited	42	04/09/1996	13/12/2017	1135789	PRC
Festival Walk 又一城	Festival Walk Holdings Limited	16	04/09/1996	20/12/2017	1136279	PRC
Festival Walk 又一城	Festival Walk Holdings Limited	41	04/09/1996	20/01/2018	1145849	PRC
	Festival Walk Holdings Limited	42	06/04/1998	20/06/2019	1287479	PRC
	Festival Walk Holdings Limited	39	06/04/1998	13/07/2019	1294832	PRC
	Festival Walk Holdings Limited	41	06/04/1998	13/07/2019	1294882	PRC
	Festival Walk Holdings Limited	41	06/04/1998	13/07/2019	1294883	PRC
	Festival Walk Holdings Limited	16	06/04/1998	27/08/2019	1307956	PRC
	Festival Walk Holdings Limited	16	06/04/1998	27/08/2019	1307957	PRC
	Festival Walk Holdings Limited	36	06/04/1998	27/08/2019	1309883	PRC

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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Festival Walk Holdings Limited	36	06/04/1998	27/08/2019	1309893	PRC
THE GLACIER	Festival Walk Holdings Limited	25	17/01/1995	17/01/2016	1997B04024	Hong Kong
THE GLACIER	Festival Walk Holdings Limited	28	17/01/1995	17/01/2016	1997B04025	Hong Kong
THE GLACIER	Festival Walk Holdings Limited	41	17/01/1995	17/01/2016	1997B04026	Hong Kong
Festival Walk - 又一城	Festival Walk Holdings Limited	41	01/05/1996	01/05/2013	2002B08763	Hong Kong
Festival Walk - 又一城	Festival Walk Holdings Limited	16, 28	01/05/1996	01/05/2013	199708980	Hong Kong
	Festival Walk Holdings Limited	16, 28	27/02/1998	27/02/2015	200004021	Hong Kong
	Festival Walk Holdings Limited	36, 39, 41, 42, 43, 45	27/02/1998	27/02/2015	200004022AA	Hong Kong
Festival Walk - 又一城	Festival Walk Holdings Limited	36	01/05/1996	01/05/2013	200208761	Hong Kong
Festival Walk - 又一城	Festival Walk Holdings Limited	39	01/05/1996	01/05/2013	200208762	Hong Kong
Festival Walk - 又一城	Festival Walk Holdings Limited	35, 42, 43, 45	01/05/1996	01/05/2013	200208764	Hong Kong
	Newfoundworld Site 2 (Retail) Limited	16	03/03/1999	03/03/2016	200003013	Hong Kong
CITYGATE 東薈城	Newfoundworld Site 2 (Retail) Limited	16	03/03/1999	03/03/2016	200003014	Hong Kong

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Newfoundworld Site 2 (Retail) Limited	16, 28, 36, 39, 41, 42, 43, 45	N/A	28/05/2015	200008243AA	Hong Kong
	Newfoundworld Site 2 (Retail) Limited	36, 39, 41, 42,	N/A	03/03/2016	200110464AA	Hong Kong
CITYGATE 東薈城	Newfoundworld Site 2 (Retail) Limited	39	03/03/1999	03/03/2016	200008258	Hong Kong
CITYGATE 東薈城	Newfoundworld Site 2 (Retail) Limited	36, 41, 42	N/A	03/03/2016	200101987AA	Hong Kong
^A 東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	16, 28, 36, 39, 41, 42, 43, 45	19/05/2009	18/05/2019	301346193	Hong Kong
^B 东荟城名店仓						
^A 東隅	Swire Properties Hotel Holdings Limited	43	02/10/2007	01/10/2017	300965340	Hong Kong
^B 东隅						
^A THE UPPER HOUSE ^B The Upper House	Swire Properties Hotel Holdings Limited	43	25/09/2008	24/09/2018	301209131	Hong Kong
^A 東隅 ^B 东隅	Swire Properties Hotel Holdings Limited	35, 36, 37, 39, 41, 44	27/10/2008	26/10/2018	301228211	Hong Kong
^A THE UPPER HOUSE ^B The Upper House	Swire Properties Hotel Holdings Limited	35, 36, 37, 39, 41, 44	27/10/2008	26/10/2018	301228220	Hong Kong
奕居	Swire Properties Hotel Holdings Limited	35, 36, 37, 39, 41, 43, 44	13/02/2009	12/02/2019	301286785	Hong Kong







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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
^A SUGAR	Swire Properties Hotel Holdings Limited	41	08/07/2009	07/07/2019	301380140	Hong Kong
^B Sugar						
^A FEAST - FOOD BY EAST ^B FEAST - Food by East	Swire Properties Hotel Holdings Limited	43	24/06/2009	23/06/2019	301371302	Hong Kong
CITYPLAZA	Swire Properties Limited	42	30/09/1993	20/01/2017	935986	PRC
CITYPLAZA	Swire Properties Limited	36	30/09/1993	20/01/2017	935987	PRC
Lincoln House	Swire Properties Limited	36	17/06/1993	17/06/2014	1995B05636	Hong Kong
PACIFIC PLACE	Swire Properties Limited	19	07/05/1991	07/05/2012	1995B05802	Hong Kong
雍景臺 ROBINSON PLACE	Swire Properties Limited	36	09/02/1993	09/02/2014	1995B06164	Hong Kong
Somerset House 常盛大厦	Swire Properties Limited	36	02/03/1992	02/03/2013	1995B07325	Hong Kong
Warwick House 和域大厦	Swire Properties Limited	36	02/03/1992	02/03/2013	1995B07326	Hong Kong
¹ The Albany	Swire Properties Limited	36	02/03/1992	02/03/2013	1995B07327	Hong Kong
¹ The Albany						
雍景臺 ROBINSON PLACE	Swire Properties Limited	37	09/02/1993	09/02/2014	1995B07651	Hong Kong
Devon House 德宏大厦	Swire Properties Limited	36	31/03/1993	31/03/2014	1995B08111	Hong Kong
Cornwall House 康和大厦	Swire Properties Limited	39	02/03/1992	02/03/2013	1995B10806	Hong Kong

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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
<i>Dorset House</i> 多實大廈	Swire Properties Limited	39	02/03/1992	02/03/2013	1995B10807	Hong Kong
<i>Somerset House</i> 常盛大廈	Swire Properties Limited	39	02/03/1992	02/03/2013	1995B10808	Hong Kong
<i>Warwick House</i> 和域大廈	Swire Properties Limited	39	02/03/1992	02/03/2013	1995B10809	Hong Kong
PACIFIC PLACE	Swire Properties Limited	16	07/05/1991	07/05/2012	1996B00105	Hong Kong
1. PACIFIC PLACE 2. <i>Pacific Place</i>	Swire Properties Limited	36	02/03/1992	02/03/2013	1996B00109	Hong Kong
<i>Devon House</i> 德宏大廈	Swire Properties Limited	39	31/03/1993	31/03/2014	1996B00887	Hong Kong
<i>Cornwall House</i> 康和大廈	Swire Properties Limited	36	02/03/1992	02/03/2013	1996B03488	Hong Kong
⁰¹  Cityplaza	Swire Properties Limited	36	02/03/1992	02/03/2013	1996B03942	Hong Kong
⁰²  Cityplaza						
⁰¹  Cityplaza	Swire Properties Limited	41	02/03/1992	02/03/2013	1996B06164	Hong Kong
⁰²  Cityplaza						
^A  BUTTERFIELD'S	Swire Properties Limited	42	27/06/1995	27/06/2016	1996B11094	Hong Kong
^B  BUTTERFIELD'S						
THE FLORIDIAN	Swire Properties Limited	37	19/01/1995	19/01/2016	1997B01361	Hong Kong
THE FLORIDIAN	Swire Properties Limited	36	19/01/1995	19/01/2016	1997B01512	Hong Kong










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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Limited	42	02/03/1992	02/03/2013	1997B05883	Hong Kong
						
	Swire Properties Limited	36, 37	N/A	23/08/2013	1997B10559AA	Hong Kong
	Swire Properties Limited	16, 35, 36, 39, 41, 42, 43, 45	N/A	20/01/2014	1998B09547AA	Hong Kong
	Swire Properties Limited	39	22/03/1996	22/03/2017	1999B03745	Hong Kong
	Swire Properties Limited	36	22/03/1996	22/03/2017	1999B03746	Hong Kong
INFOMATE	Swire Properties Limited	38	03/03/1999	03/03/2016	2001B00082	Hong Kong
	Swire Properties Limited	16, 36, 37, 42	N/A	12/05/2017	2001B10764AA	Hong Kong
CAMBRIDGE HOUSE 康橋大廈	Swire Properties Limited	39	06/09/2000	06/09/2017	2002B12368	Hong Kong
CAMBRIDGE HOUSE 康橋大廈	Swire Properties Limited	36	06/09/2000	06/09/2017	2003B09086	Hong Kong
	Swire Properties Limited	16	13/05/1991	13/05/2012	199203277	Hong Kong
	Swire Properties Limited	18	13/05/1991	13/05/2012	199203278	Hong Kong
	Swire Properties Limited	21	13/05/1991	13/05/2012	199203279	Hong Kong









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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Limited	25	13/05/1991	13/05/2012	199203280	Hong Kong
	Swire Properties Limited	24	13/05/1991	13/05/2012	199204079	Hong Kong
	Swire Properties Limited	28	13/05/1991	13/05/2012	199300474	Hong Kong
 Cityplaza Ice Palace 冰上皇宮	Swire Properties Limited	25	29/02/1992	28/02/2013	199405766	Hong Kong
 CityCat 百變小城貓	Swire Properties Limited	28	13/05/1991	13/05/2012	199406241	Hong Kong
 CityCat 百變小城貓	Swire Properties Limited	25	13/05/1991	13/05/2012	199406242	Hong Kong
 CityCat 百變小城貓	Swire Properties Limited	24	13/05/1991	13/05/2012	199406243	Hong Kong
 CityCat 百變小城貓	Swire Properties Limited	21	13/05/1991	13/05/2012	199406244	Hong Kong
 CityCat 百變小城貓	Swire Properties Limited	18	13/05/1991	13/05/2012	199406245	Hong Kong


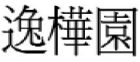







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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
 CityCat 百變小城貓	Swire Properties Limited	16	13/05/1991	13/05/2012	199406246	Hong Kong
	Swire Properties Limited	36	02/03/1992	02/03/2013	199503014	Hong Kong
	Swire Properties Limited	39	02/03/1992	02/03/2013	199503015	Hong Kong
 Oriental Environmental Services	Swire Properties Limited	42	02/03/1992	02/03/2013	199503882	Hong Kong
^a The Atrium 曉暹軒 THE ATRIUM ^b 曉暹軒 ^d THE ATRIUM ^e 曉暹軒 ^f 曉暹軒	Swire Properties Limited	36	02/03/1992	02/03/2013	199505083	Hong Kong
	Swire Properties Limited	36	02/03/1992	02/03/2013	199505084	Hong Kong
	Swire Properties Limited	36	17/06/1993	17/06/2014	199506535	Hong Kong
^a  冰上皇宮 ^b Cityplaza Ice Palace 冰上皇宮	Swire Properties Limited	28	29/02/1992	28/02/2013	199602562	Hong Kong
	Swire Properties Limited	41	02/03/1992	02/03/2013	199603086	Hong Kong
^a  Cityplaza ^b  Cityplaza	Swire Properties Limited	39	02/03/1992	02/03/2013	199603943	Hong Kong



Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
<i>Island Place</i>	Swire Properties Limited	37	19/01/1995	19/01/2016	199607025	Hong Kong
<i>Oxford House</i> 濠豐大廈	Swire Properties Limited	39	19/01/1995	19/01/2016	199609236	Hong Kong
<i>Oxford House</i> 濠豐大廈	Swire Properties Limited	36	19/01/1995	19/01/2016	199609237	Hong Kong
	Swire Properties Limited	42	02/03/1992	02/03/2013	199611386	Hong Kong
1. PACIFIC PLACE 2. <i>Pacific Place</i>	Swire Properties Limited	41	02/03/1992	02/03/2013	199704482	Hong Kong
1. PACIFIC PLACE 2. <i>Pacific Place</i>	Swire Properties Limited	42	02/03/1992	02/03/2013	199704483	Hong Kong
A  B 	Swire Properties Limited	41	27/06/1995	27/06/2016	199706144	Hong Kong
1. PACIFIC PLACE 2. <i>Pacific Place</i>	Swire Properties Limited	39	02/03/1992	02/03/2013	199707424	Hong Kong
	Swire Properties Limited	36, 37	N/A	23/08/2013	199707519AA	Hong Kong
	Swire Properties Limited	36	14/02/1996	14/02/2017	199708354	Hong Kong



Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Limited	37	14/02/1996	14/02/2017	199708355	Hong Kong
 ISLAND PLACE 港匯	Swire Properties Limited	36	14/02/1996	14/02/2017	199708356	Hong Kong
 ISLAND PLACE 港匯	Swire Properties Limited	37	14/02/1996	14/02/2017	199708357	Hong Kong
ISLAND PLACE	Swire Properties Limited	36	14/02/1996	14/02/2017	199708358	Hong Kong
ISLAND PLACE	Swire Properties Limited	37	14/02/1996	14/02/2017	199804926	Hong Kong
 STARCREST	Swire Properties Limited	16	15/01/1999	15/01/2016	199913080	Hong Kong
 Sunningdale	Swire Properties Limited	36, 42, 45	23/01/1998	23/01/2015	199913167AA	Hong Kong
Les Saisons	Swire Properties Limited	16	26/03/1999	26/03/2016	199916240	Hong Kong
 ICE PALACE	Swire Properties Limited	25	01/12/1998	01/12/2015	200003199	Hong Kong
 ICE PALACE	Swire Properties Limited	28	01/12/1998	01/12/2015	200004735	Hong Kong
 ICE PALACE	Swire Properties Limited	41	01/12/1998	01/12/2015	2000B04736	Hong Kong
 STARCREST	Swire Properties Limited	36, 37, 39	N/A	15/01/2016	200006712AA	Hong Kong

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Limited	39	12/05/2000	12/05/2017	200108491	Hong Kong
Les Saisons	Swire Properties Limited	36, 39, 42	N/A	17/05/2016	200113305AA	Hong Kong
	Swire Properties Limited	16, 36, 37, 39, 41	19/10/2001	19/10/2018	200203420AA	Hong Kong
The Orchards	Swire Properties Limited	16, 36, 37, 39, 41, 42	19/10/2001	19/10/2018	200205232AA	Hong Kong
good2me	Swire Properties Limited	9, 35, 36	11/04/2003	10/04/2013	300005589	Hong Kong
Victoria Place	Swire Properties Limited	16, 35, 36, 37, 39, 41, 42, 43, 45	15/11/2004	14/11/2014	300319167	Hong Kong
	Swire Properties Limited	35, 42, 43, 45	12/01/2007	11/01/2017	300795925	Hong Kong
	Swire Properties Limited	19, 25, 28	14/02/2007	13/02/2017	300816237	Hong Kong
	Swire Properties Limited	16, 19, 28, 35, 36, 39, 41, 42, 43, 45	14/02/2007	13/02/2017	300816255	Hong Kong
	Swire Properties Limited	16, 19, 25, 28, 36, 39, 41	14/02/2007	13/02/2017	300816291	Hong Kong
	Swire Properties Limited	16, 19, 25, 28, 36, 39, 41	14/02/2007	13/02/2017	300816291	Hong Kong
	Swire Properties Limited	16, 19, 25, 28, 36, 39, 41	14/02/2007	13/02/2017	300816291	Hong Kong
THE OPPOSITE HOUSE	Swire Properties Limited	35, 36, 37, 39, 41, 43, 44	20/12/2007	19/12/2017	301018683	Hong Kong
	Swire Properties Limited	35, 36, 37, 39, 41, 43, 44	22/02/2008	21/02/2018	301057671	Hong Kong

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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
[^] the 瑜 opposite 舍 house	Swire Properties Limited	35, 36, 37, 39, 41, 43, 44	14/04/2008	13/04/2018	301092997	Hong Kong
[^] the 瑜 opposite 舍 house	Swire Properties Limited	41, 43	20/05/2008	19/05/2018	301120346	Hong Kong
^A  ^B 	Swire Properties Limited	41, 43	20/05/2008	19/05/2018	301120355	Hong Kong
ArtisTree	Swire Properties Limited	41, 43	06/06/2008	05/06/2018	301133270	Hong Kong
[^] the opposite house 瑜舍 ^B the opposite house 瑜舍	Swire Properties Limited	35, 36, 37, 39, 41, 43, 44	25/09/2008	24/09/2018	301209122	Hong Kong
CITYPLAZA	Swire Properties Limited	25	07/03/2007	20/02/2020	5932786	PRC
CITYPLAZA	Swire Properties Limited	19	07/03/2007	20/12/2019	5932787	PRC
CITYPLAZA	Swire Properties Limited	16	07/03/2007	13/12/2019	5932788	PRC
CITYPLAZA	Swire Properties Limited	28	07/03/2007	13/02/2020	5932791	PRC
CITYPLAZA	Swire Properties Limited	45	07/03/2007	20/04/2020	5932792	PRC
CITYPLAZA	Swire Properties Limited	41	07/03/2007	13/04/2020	5932793	PRC
	Swire Properties Limited	39	08/03/2007	13/04/2020	5934790	PRC
	Swire Properties Limited	36	08/03/2007	20/02/2020	5934791	PRC
	Swire Properties Limited	28	08/03/2007	20/02/2020	5934793	PRC

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Limited	41	08/03/2007	13/04/2020	5934798	PRC
	Swire Properties Limited	39	08/03/2007	13/04/2020	5934799	PRC
	Swire Properties Limited	42	08/03/2007	13/04/2020	5934816	PRC
	Swire Properties Limited	41	08/03/2007	13/04/2020	5934817	PRC
	Swire Properties Limited	39	08/03/2007	13/04/2020	5934818	PRC
	Swire Properties Limited	42	08/03/2007	13/04/2020	5934827	PRC
	Swire Properties Limited	25	08/03/2007	20/02/2020	5934794	PRC
	Swire Properties Limited	19	08/03/2007	20/12/2019	5934795	PRC
	Swire Properties Limited	16	08/03/2007	13/12/2019	5934796	PRC
	Swire Properties Limited	45	08/03/2007	13/02/2020	5934797	PRC
	Swire Properties Limited	36	08/03/2007	20/02/2020	5934800	PRC
	Swire Properties Limited	28	08/03/2007	27/03/2020	5934802	PRC
	Swire Properties Limited	19	08/03/2007	20/12/2019	5934804	PRC
	Swire Properties Limited	16	08/03/2007	13/02/2019	5934805	PRC
	Swire Properties Limited	45	08/03/2007	13/02/2020	5934806	PRC
	Swire Properties Limited	43	08/03/2007	27/02/2020	5934807	PRC
	Swire Properties Limited	36	08/03/2007	27/03/2020	5934819	PRC







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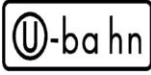





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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
	Swire Properties Limited	28	08/03/2007	27/03/2020	5934821	PRC
	Swire Properties Limited	19	08/03/2007	20/12/2019	5934823	PRC
	Swire Properties Limited	16	08/03/2007	13/12/2019	5934824	PRC
	Swire Properties Limited	43	08/03/2007	09/02/2020	5934968	PRC
	Swire Properties Limited	36	08/03/2007	20/02/2020	5934972	PRC
	Swire Properties Limited	28	08/03/2007	20/03/2020	5934974	PRC
	Swire Properties Limited	25	08/03/2007	20/02/2020	5934975	PRC
	Swire Properties Limited	19	08/03/2007	20/12/2019	5934976	PRC
	Swire Properties Limited	16	08/03/2007	13/12/2019	5934977	PRC
THE VILLAGE	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	36	24/09/2007	27/03/2020	6292732	PRC
THE VILLAGE	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	28	24/09/2007	06/04/2020	6292734	PRC
THE VILLAGE	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	19	24/09/2007	06/03/2020	6292736	PRC


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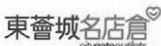
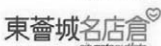

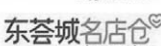


Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
三里屯	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	36	24/09/2007	27/03/2020	6292743	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	36	24/09/2007	27/03/2020	6292754	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	36	24/09/2007	27/03/2020	6292765	PRC
瑜舍	Swire Properties Limited	36	21/02/2008	27/03/2020	6559173	PRC
瑜舍	Swire Properties Limited	37	21/02/2008	27/03/2020	6559174	PRC
	New Light Hotels Limited	16, 25, 35, 39, 41, 42	08/04/1999	08/04/2019	2193941	U.K.
						
ALIAS HOTELS	New Light Hotels Limited	35, 39, 41, 42	08/04/1999	08/04/2019	2193955	U.K.
	New Light Hotels Limited	16, 25, 35, 41, 42	08/04/1999	08/04/2019	2193986	U.K.
						
CAFÉ PARADISO	New Light Hotels Limited	16, 25, 35, 41, 42	08/04/1999	08/04/2019	2193993	U.K.

Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
U-BAHN	New Light Hotels Limited	16, 35, 41, 42	08/04/1999	08/04/2019	2194001	U.K.
	New Light Hotels Limited	16, 35, 41, 42	08/04/1999	08/04/2019	2194003	U.K.
	New Light Hotels Limited	25, 35, 41, 42	08/04/1999	08/04/2019	2194009	U.K.
KANDINSKY	New Light Hotels Limited	25, 35, 41, 42	08/04/1999	08/04/2019	2194016	U.K.
	New Light Hotels Limited	16, 25, 35, 41, 42	29/07/1999	29/07/2019	2204358	U.K.
KINO	New Light Hotels Limited	35, 41, 42	21/09/2000	21/09/2010	2246291	U.K.
	New Light Hotels Limited	35, 41, 42	21/09/2000	21/09/2010	2246435	U.K.
DADA	New Light Hotels Limited	42	03/04/2001	03/04/2011	2266200	U.K.
dAdA						
DaDa						
	New Light Hotels Limited	35, 39, 41, 42	25/04/2001	25/04/2011	2268381	U.K.
	New Light Hotels Limited	16, 35, 39, 41, 42	22/05/2001	22/05/2011	2270925	U.K.

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Trademark	Registered Owner	Class	Application Date	Renewal Date	Registration Number	Place of Registration
THE OCEAN CLUB	New Light Hotels Limited	16, 35, 43, 44	13/07/2001	13/07/2011	2275215	U.K.
ALIAS	New Light Hotels Limited	41, 43, 44	10/08/2001	10/08/2011	2277596	U.K.
THE ALIAN	New Light Hotels Limited	16, 35, 39, 41, 43, 44	02/05/2002	02/05/2012	2299641	U.K.
SEATTLE	New Light Hotels Limited	43	16/05/2002	16/05/2012	2300755	U.K.
BLACK AND WHITE	New Light Hotels Limited	35, 39, 41, 43, 44	16/05/2002	16/05/2012	2300767	U.K.
	New Light Hotels Limited	16, 25, 35, 39, 41, 43, 44	17/05/2002	17/05/2012	2300909	U.K.
ALIAS	New Light Hotels Limited	35, 36, 37, 39	15/08/2002	15/08/2012	2308187	U.K.
ST. LOUIS SAINT LOUIS	New Light Hotels Limited	43, 44	13/10/2003	13/10/2013	2345836	U.K.
ALIAS HOTELS ST. LOUIS ALIAS HOTELS SAINT LOUIS	New Light Hotels Limited	16, 25, 35, 36, 37, 39, 41, 43, 44	13/10/2003	13/10/2013	2345840	U.K.
LUMEN	New Light Hotels Limited	43	29/06/2007	29/06/2017	2459997	U.K.
CHAPTER	New Light Hotels Limited	16, 41, 43, 44	03/08/2009	03/08/2019	8468332	European Union

(d) As at the Latest Practicable Date, members of the Group have applied for registration of the following trademarks:

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	16, 28, 36, 39, 41, 42, 43, 45	19/05/2009	301346184	Hong Kong
A 	Newfoundworld Site 2 (Retail) Limited	16, 28, 36, 39, 41, 42, 43, 45	19/05/2009	301346201	Hong Kong
B 					
C 					
D 					
A 	Newfoundworld Site 2 (Retail) Limited	16, 28, 36, 39, 41, 42, 43, 45	19/05/2009	301346210	Hong Kong
B 					
THE VILLAGE	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	45	24/09/2007	6292727	PRC
THE VILLAGE	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	43	24/09/2007	6292728	PRC
THE VILLAGE	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	42	24/09/2007	6292729	PRC

<u>Trademark</u>	<u>Name of Applicant</u>	<u>Class</u>	<u>Application Date</u>	<u>Application Number</u>	<u>Place of Application</u>
THE VILLAGE	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	41	24/09/2007	6292730	PRC
THE VILLAGE	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	39	24/09/2007	6292731	PRC
THE VILLAGE	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	35	24/09/2007	6292733	PRC
THE VILLAGE	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	25	24/09/2007	6292735	PRC
THE VILLAGE	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	16	24/09/2007	6292737	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
三里屯	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	45	24/09/2007	6292738	PRC
三里屯	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	43	24/09/2007	6292739	PRC
三里屯	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	42	24/09/2007	6292740	PRC
三里屯	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	41	24/09/2007	6292741	PRC
三里屯	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	39	24/09/2007	6292742	PRC






<u>Trademark</u>	<u>Name of Applicant</u>	<u>Class</u>	<u>Application Date</u>	<u>Application Number</u>	<u>Place of Application</u>
三里屯	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	35	24/09/2007	6292744	PRC
三里屯	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	28	24/09/2007	6292745	PRC
三里屯	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	25	24/09/2007	6292746	PRC
三里屯	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	19	24/09/2007	6292747	PRC
三里屯	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	16	24/09/2007	6292748	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	45	24/09/2007	6292749	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	43	24/09/2007	6292750	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	42	24/09/2007	6292751	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	41	24/09/2007	6292752	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	39	24/09/2007	6292753	PRC

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Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	35	24/09/2007	6292755	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	28	24/09/2007	6292756	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	25	24/09/2007	6292757	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	19	24/09/2007	6292758	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	16	24/09/2007	6292759	PRC

<u>Trademark</u>	<u>Name of Applicant</u>	<u>Class</u>	<u>Application Date</u>	<u>Application Number</u>	<u>Place of Application</u>
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	45	24/09/2007	6292760	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	43	24/09/2007	6292761	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	42	24/09/2007	6292762	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	41	24/09/2007	6292763	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	39	24/09/2007	6292764	PRC

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Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	35	24/09/2007	6292766	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	28	24/09/2007	6292767	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	25	24/09/2007	6292768	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	19	24/09/2007	6292769	PRC
	Beijing Sanlitun North Property Management Company Limited & Beijing Sanlitun South Property Management Company Limited	16	24/09/2007	6292770	PRC
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	16	03/11/2009	7805788	PRC








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Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	28	03/11/2009	7805787	PRC
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	36	16/11/2009	7837304	PRC
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	39	03/11/2009	7805785	PRC
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	41	03/11/2009	7805784	PRC
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	42	03/11/2009	7805783	PRC
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	43	03/11/2009	7805772	PRC
CITYGATE OUTLETS	Newfoundworld Site 2 (Retail) Limited	45	03/11/2009	7805771	PRC
<i>citygateoutlets</i> ™	Newfoundworld Site 2 (Retail) Limited	16	03/11/2009	7805812	PRC
<i>citygateoutlets</i> ™	Newfoundworld Site 2 (Retail) Limited	28	03/11/2009	7805811	PRC
<i>citygateoutlets</i> ™	Newfoundworld Site 2 (Retail) Limited	36	16/11/2009	7837305	PRC
<i>citygateoutlets</i> ™	Newfoundworld Site 2 (Retail) Limited	39	03/11/2009	7805809	PRC
<i>citygateoutlets</i> ™	Newfoundworld Site 2 (Retail) Limited	41	03/11/2009	7805808	PRC
<i>citygateoutlets</i> ™	Newfoundworld Site 2 (Retail) Limited	42	03/11/2009	7805807	PRC
<i>citygateoutlets</i> ™	Newfoundworld Site 2 (Retail) Limited	43	03/11/2009	7805806	PRC
<i>citygateoutlets</i> ™	Newfoundworld Site 2 (Retail) Limited	45	03/11/2009	7805805	PRC








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Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	16	03/11/2009	7805804	PRC
东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	28	03/11/2009	7805803	PRC
东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	36	16/11/2009	7837298	PRC
东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	39	03/11/2009	7805801	PRC
东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	41	03/11/2009	7805800	PRC
东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	42	03/11/2009	7805799	PRC
东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	43	03/11/2009	7805798	PRC
东荟城名店仓	Newfoundworld Site 2 (Retail) Limited	45	03/11/2009	7805797	PRC
东荟城名店仓 	Newfoundworld Site 2 (Retail) Limited	16	03/11/2009	7805780	PRC
东荟城名店仓 	Newfoundworld Site 2 (Retail) Limited	28	03/11/2009	7805779	PRC
东荟城名店仓 	Newfoundworld Site 2 (Retail) Limited	36	16/11/2009	7837306	PRC
东荟城名店仓 	Newfoundworld Site 2 (Retail) Limited	39	03/11/2009	7805777	PRC
东荟城名店仓 	Newfoundworld Site 2 (Retail) Limited	41	03/11/2009	7805776	PRC
东荟城名店仓 	Newfoundworld Site 2 (Retail) Limited	42	03/11/2009	7805775	PRC
东荟城名店仓 	Newfoundworld Site 2 (Retail) Limited	43	03/11/2009	7805774	PRC












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Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Newfoundworld Site 2 (Retail) Limited	45	03/11/2009	7805773	PRC
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	16	03/11/2009	7805770	PRC
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	28	03/11/2009	7805769	PRC
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	36	16/11/2009	7837299	PRC
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	39	03/11/2009	7805767	PRC
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	41	03/11/2009	7805766	PRC
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	42	03/11/2009	7805765	PRC
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	43	03/11/2009	7805764	PRC
東薈城名店倉	Newfoundworld Site 2 (Retail) Limited	45	03/11/2009	7805763	PRC
	Newfoundworld Site 2 (Retail) Limited	16	03/11/2009	7805796	PRC
	Newfoundworld Site 2 (Retail) Limited	28	03/11/2009	7805795	PRC
	Newfoundworld Site 2 (Retail) Limited	36	16/11/2009	7837307	PRC
	Newfoundworld Site 2 (Retail) Limited	39	03/11/2009	7805793	PRC
	Newfoundworld Site 2 (Retail) Limited	41	03/11/2009	7805792	PRC
	Newfoundworld Site 2 (Retail) Limited	42	03/11/2009	7805791	PRC

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Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Newfoundworld Site 2 (Retail) Limited	43	03/11/2009	7805790	PRC
	Newfoundworld Site 2 (Retail) Limited	45	03/11/2009	7805789	PRC
	Swire Properties Hotel Holdings Limited	35	08/12/2009	7895697	PRC
	Swire Properties Hotel Holdings Limited	36	08/12/2009	7895696	PRC
	Swire Properties Hotel Holdings Limited	37	08/12/2009	7895695	PRC
	Swire Properties Hotel Holdings Limited	39	08/12/2009	7895694	PRC
	Swire Properties Hotel Holdings Limited	41	08/12/2009	7895693	PRC
	Swire Properties Hotel Holdings Limited	43	08/12/2009	7895692	PRC
	Swire Properties Hotel Holdings Limited	44	08/12/2009	7895691	PRC
	Swire Properties Hotel Holdings Limited	35	08/12/2009	7895690	PRC
	Swire Properties Hotel Holdings Limited	36	08/12/2009	7895689	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Swire Properties Hotel Holdings Limited	37	08/12/2009	7895688	PRC
	Swire Properties Hotel Holdings Limited	39	08/12/2009	7895687	PRC
	Swire Properties Hotel Holdings Limited	41	08/12/2009	7895686	PRC
	Swire Properties Hotel Holdings Limited	43	08/12/2009	7895685	PRC
	Swire Properties Hotel Holdings Limited	44	08/12/2009	7895684	PRC
	Swire Properties Hotel Holdings Limited	35	08/12/2009	7895683	PRC
	Swire Properties Hotel Holdings Limited	36	08/12/2009	7895682	PRC
	Swire Properties Hotel Holdings Limited	37	08/12/2009	7895681	PRC

<u>Trademark</u>	<u>Name of Applicant</u>	<u>Class</u>	<u>Application Date</u>	<u>Application Number</u>	<u>Place of Application</u>
	Swire Properties Hotel Holdings Limited	39	08/12/2009	7895680	PRC
	Swire Properties Hotel Holdings Limited	41	08/12/2009	7895679	PRC
	Swire Properties Hotel Holdings Limited	43	08/12/2009	7895678	PRC
	Swire Properties Hotel Holdings Limited	44	08/12/2009	7895707	PRC
	Swire Properties Hotel Holdings Limited	35	08/12/2009	7895706	PRC
	Swire Properties Hotel Holdings Limited	36	08/12/2009	7895705	PRC
	Swire Properties Hotel Holdings Limited	37	08/12/2009	7895704	PRC
	Swire Properties Hotel Holdings Limited	39	08/12/2009	7895703	PRC
	Swire Properties Hotel Holdings Limited	41	08/12/2009	7895702	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Swire Properties Hotel Holdings Limited	43	08/12/2009	7895701	PRC
	Swire Properties Hotel Holdings Limited	44	08/12/2009	7895700	PRC
The Upper House	Swire Properties Hotel Holdings Limited	43	16/10/2008	7003658	PRC
The Upper House	Swire Properties Hotel Holdings Limited	41	16/10/2008	7003659	PRC
The Upper House	Swire Properties Hotel Holdings Limited	39	16/10/2008	7003660	PRC
The Upper House	Swire Properties Hotel Holdings Limited	37	16/10/2008	7003661	PRC
The Upper House	Swire Properties Hotel Holdings Limited	36	16/10/2008	7003662	PRC
The Upper House	Swire Properties Hotel Holdings Limited	35	16/10/2008	7003663	PRC
东隅	Swire Properties Hotel Holdings Limited	44	16/10/2008	7003664	PRC
东隅	Swire Properties Hotel Holdings Limited	43	16/10/2008	7003665	PRC
东隅	Swire Properties Hotel Holdings Limited	41	16/10/2008	7003666	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
东隅	Swire Properties Hotel Holdings Limited	39	16/10/2008	7003667	PRC
东隅	Swire Properties Hotel Holdings Limited	37	16/10/2008	7003668	PRC
东隅	Swire Properties Hotel Holdings Limited	36	16/10/2008	7003669	PRC
东隅	Swire Properties Hotel Holdings Limited	35	16/10/2008	7003670	PRC
東隅	Swire Properties Hotel Holdings Limited	44	16/10/2008	7003671	PRC
東隅	Swire Properties Hotel Holdings Limited	43	16/10/2008	7003672	PRC
東隅	Swire Properties Hotel Holdings Limited	41	16/10/2008	7003673	PRC
東隅	Swire Properties Hotel Holdings Limited	39	16/10/2008	7003674	PRC
東隅	Swire Properties Hotel Holdings Limited	37	16/10/2008	7003675	PRC
東隅	Swire Properties Hotel Holdings Limited	36	16/10/2008	7003676	PRC
東隅	Swire Properties Hotel Holdings Limited	35	16/10/2008	7003677	PRC
The Upper House	Swire Properties Hotel Holdings Limited	44	16/10/2008	7003812	PRC

<u>Trademark</u>	<u>Name of Applicant</u>	<u>Class</u>	<u>Application Date</u>	<u>Application Number</u>	<u>Place of Application</u>
THE UPPER HOUSE	Swire Properties Hotel Holdings Limited	44	29/10/2008	7027214	PRC
THE UPPER HOUSE	Swire Properties Hotel Holdings Limited	43	29/10/2008	7027215	PRC
THE UPPER HOUSE	Swire Properties Hotel Holdings Limited	41	29/10/2008	7027216	PRC
THE UPPER HOUSE	Swire Properties Hotel Holdings Limited	39	29/10/2008	7027217	PRC
THE UPPER HOUSE	Swire Properties Hotel Holdings Limited	37	29/10/2008	7027218	PRC
THE UPPER HOUSE	Swire Properties Hotel Holdings Limited	36	29/10/2008	7027219	PRC
THE UPPER HOUSE	Swire Properties Hotel Holdings Limited	35	29/10/2008	7027220	PRC
奕居	Swire Properties Hotel Holdings Limited	44	16/02/2009	7201966	PRC
奕居	Swire Properties Hotel Holdings Limited	43	16/02/2009	7201967	PRC
奕居	Swire Properties Hotel Holdings Limited	41	16/02/2009	7201968	PRC
奕居	Swire Properties Hotel Holdings Limited	39	16/02/2009	7201969	PRC
奕居	Swire Properties Hotel Holdings Limited	37	16/02/2009	7201970	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
奕居	Swire Properties Hotel Holdings Limited	36	16/02/2009	7201971	PRC
奕居	Swire Properties Hotel Holdings Limited	35	16/02/2009	7201972	PRC
FEAST - Food by East	Swire Properties Hotel Holdings Limited	43	24/06/2009	7494502	PRC
Sugar	Swire Properties Hotel Holdings Limited	43	24/06/2009	7494503	PRC
Sugar	Swire Properties Hotel Holdings Limited	41	09/07/2009	7530764	PRC
^A east HONG KONG ^B east HONG KONG	Swire Properties Hotel Holdings Limited	35, 36, 37, 39, 41, 43, 44	19/06/2009	301368397	Hong Kong
^A SUGAR ^B Sugar	Swire Properties Hotel Holdings Limited	43	24/06/2009	301371311	Hong Kong
^{A.}  ^{B.} 	Swire Properties Hotel Holdings Limited	35, 36, 37, 39, 41, 43, 44	04/12/2009	301491543AA	Hong Kong
^{A.}  ^{B.} 	Swire Properties Hotel Holdings Limited	35, 36, 37, 39, 41, 43, 44	04/12/2009	301491543AB	Hong Kong

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Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
^A sugar	Swire Properties Hotel Holdings Limited	43	18/01/2010	301524645	Hong Kong
^B sugar					
^A Food by Feast	Swire Properties Hotel Holdings Limited	43	18/01/2010	301524654	Hong Kong
^B Food by Feast					
ISLAND EAST 港島東	Swire Properties Limited	45	16/02/2007	5921584	PRC
ISLAND EAST 港島東	Swire Properties Limited	43	16/02/2007	5921585	PRC
ISLAND EAST 港島東	Swire Properties Limited	42	16/02/2007	5921586	PRC
ISLAND EAST 港島東	Swire Properties Limited	41	16/02/2007	5921587	PRC
ISLAND EAST 港島東	Swire Properties Limited	41	16/02/2007	5921608	PRC
ISLAND EAST 港島東	Swire Properties Limited	39	16/02/2007	5921609	PRC
ISLAND EAST 港島東	Swire Properties Limited	36	16/02/2007	5921610	PRC
ISLAND EAST 港島東	Swire Properties Limited	35	16/02/2007	5921611	PRC
ISLAND EAST 港島東	Swire Properties Limited	28	16/02/2007	5921612	PRC
ISLAND EAST 港島東	Swire Properties Limited	25	16/02/2007	5921613	PRC
ISLAND EAST 港島東	Swire Properties Limited	19	16/02/2007	5921614	PRC
ISLAND EAST 港島東	Swire Properties Limited	16	16/02/2007	5921615	PRC

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Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
ISLAND EAST 港島東	Swire Properties Limited	39	16/02/2007	5921618	PRC
ISLAND EAST 港島東	Swire Properties Limited	36	16/02/2007	5921619	PRC
ISLAND EAST 港島東	Swire Properties Limited	35	16/02/2007	5921620	PRC
ISLAND EAST 港島東	Swire Properties Limited	28	16/02/2007	5921621	PRC
ISLAND EAST 港島東	Swire Properties Limited	25	16/02/2007	5921622	PRC
ISLAND EAST 港島東	Swire Properties Limited	19	16/02/2007	5921623	PRC
ISLAND EAST 港島東	Swire Properties Limited	16	16/02/2007	5921624	PRC
ISLAND EAST 港島東	Swire Properties Limited	45	16/02/2007	5921625	PRC
ISLAND EAST 港島東	Swire Properties Limited	43	16/02/2007	5921626	PRC
ISLAND EAST 港島東	Swire Properties Limited	42	16/02/2007	5921627	PRC
CITYPLAZA	Swire Properties Limited	39	07/03/2007	5932789	PRC
CITYPLAZA	Swire Properties Limited	35	07/03/2007	5932790	PRC
! Cityplaza	Swire Properties Limited	42	08/03/2007	5934788	PRC
! Cityplaza	Swire Properties Limited	41	08/03/2007	5934789	PRC
! Cityplaza	Swire Properties Limited	35	08/03/2007	5934792	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
	Swire Properties Limited	35	08/03/2007	5934801	PRC
	Swire Properties Limited	25	08/03/2007	5934803	PRC
	Swire Properties Limited	45	08/03/2007	5934814	PRC
	Swire Properties Limited	43	08/03/2007	5934815	PRC
	Swire Properties Limited	35	08/03/2007	5934820	PRC
	Swire Properties Limited	25	08/03/2007	5934822	PRC
	Swire Properties Limited	45	08/03/2007	5934825	PRC
	Swire Properties Limited	43	08/03/2007	5934826	PRC
	Swire Properties Limited	42	08/03/2007	5934969	PRC
	Swire Properties Limited	41	08/03/2007	5934970	PRC
	Swire Properties Limited	39	08/03/2007	5934971	PRC
	Swire Properties Limited	35	08/03/2007	5934973	PRC
THE OPPOSITE HOUSE	Swire Properties Limited	44	20/12/2007	6449288	PRC
THE OPPOSITE HOUSE	Swire Properties Limited	43	20/12/2007	6449289	PRC
THE OPPOSITE HOUSE	Swire Properties Limited	41	20/12/2007	6449290	PRC

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Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
THE OPPOSITE HOUSE	Swire Properties Limited	39	20/12/2007	6449291	PRC
THE OPPOSITE HOUSE	Swire Properties Limited	37	20/12/2007	6449292	PRC
THE OPPOSITE HOUSE	Swire Properties Limited	36	20/12/2007	6449293	PRC
THE OPPOSITE HOUSE	Swire Properties Limited	35	20/12/2007	6449294	PRC
瑜舍	Swire Properties Limited	35	21/02/2008	6559172	PRC
瑜舍	Swire Properties Limited	39	21/02/2008	6559175	PRC
瑜舍	Swire Properties Limited	41	21/02/2008	6559176	PRC
瑜舍	Swire Properties Limited	43	21/02/2008	6559177	PRC
瑜舍	Swire Properties Limited	44	21/02/2008	6559178	PRC
the opposite house 瑜舍	Swire Properties Limited	44	15/04/2008	6661821	PRC
the opposite house 瑜舍	Swire Properties Limited	43	15/04/2008	6661826	PRC
the opposite house 瑜舍	Swire Properties Limited	41	15/04/2008	6661827	PRC
the opposite house 瑜舍	Swire Properties Limited	39	15/04/2008	6661828	PRC
the opposite house 瑜舍	Swire Properties Limited	37	15/04/2008	6661829	PRC
the opposite house 瑜舍	Swire Properties Limited	36	15/04/2008	6661830	PRC

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Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
the opposite house 瑜舍	Swire Properties Limited	35	15/04/2008	6661831	PRC
the opposite house 瑜舍	Swire Properties Limited	44	15/04/2008	6661832	PRC
the opposite house 瑜舍	Swire Properties Limited	43	15/04/2008	6661833	PRC
the opposite house 瑜舍	Swire Properties Limited	41	15/04/2008	6661834	PRC
the opposite house 瑜舍	Swire Properties Limited	39	15/04/2008	6661835	PRC
the opposite house 瑜舍	Swire Properties Limited	37	15/04/2008	6661836	PRC
the opposite house 瑜舍	Swire Properties Limited	36	15/04/2008	6661837	PRC
the opposite house 瑜舍	Swire Properties Limited	35	15/04/2008	6661838	PRC
the opposite house 瑜舍	Swire Properties Limited	44	15/04/2008	6661839	PRC
the opposite house 瑜舍	Swire Properties Limited	43	15/04/2008	6661840	PRC

Trademark	Name of Applicant	Class	Application Date	Application Number	Place of Application
the 瑜 opposite 舍 house	Swire Properties Limited	41	15/04/2008	6661841	PRC
the 瑜 opposite 舍 house	Swire Properties Limited	39	15/04/2008	6661842	PRC
the 瑜 opposite 舍 house	Swire Properties Limited	37	15/04/2008	6661843	PRC
the 瑜 opposite 舍 house	Swire Properties Limited	36	15/04/2008	6661844	PRC
the 瑜 opposite 舍 house	Swire Properties Limited	35	15/04/2008	6661845	PRC
SUREÑO	Beijing Sanlitun Hotel Management Company Limited	43	04/01/2008	6492318	PRC
BEI	Beijing Sanlitun Hotel Management Company Limited	43	04/01/2008	6492319	PRC
THE VILLAGE CAFÉ	Beijing Sanlitun Hotel Management Company Limited	43	04/01/2008	6492320	PRC
MESH	Beijing Sanlitun Hotel Management Company Limited	43	04/01/2008	6492321	PRC
PUNK	Beijing Sanlitun Hotel Management Company Limited	41	04/01/2008	6492322	PRC

Domain Names

As at the Latest Practicable Date, members of the Group have registered the following domain names:

Registrant	Domain Name	Expiry Date
Aldrich Bay Developments Limited	goodtome.com.hk	N/A
Aldrich Bay East Limited	butterfields.com.hk	N/A
Beijing Linlian Real Estate Co. Ltd.	1indigo.cn	24/08/2012
Beijing Linlian Real Estate Co. Ltd.	1indigo.com.cn	24/08/2012
Beijing Linlian Real Estate Co. Ltd.	indigo1.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigo1.com.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigobeijing.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigobeijing.com	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigobeijing.com.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigobj.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigobj.com	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigobj.com.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigochina.com.cn	07/08/2012
Beijing Linlian Real Estate Co. Ltd.	indigocn.cn	04/03/2012
Beijing Linlian Real Estate Co. Ltd.	indigocn.com	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigocn.com.cn	04/03/2012
Beijing Linlian Real Estate Co. Ltd.	indigomall.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigomall.com.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigooffice.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigooffice.com.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigoone.cn	27/02/2012

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Registrant	Domain Name	Expiry Date
Beijing Linlian Real Estate Co. Ltd.	indigoone.com.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigopark.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigopark.com.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigotower.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigotower.com.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigozone.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	indigozone.com	10/08/2012
Beijing Linlian Real Estate Co. Ltd.	indigozone.com.cn	27/02/2012
Beijing Linlian Real Estate Co. Ltd.	oneindigo.cn	24/08/2012
Beijing Linlian Real Estate Co. Ltd.	oneindigo.com.cn	24/08/2012
Beijing Sanlitun South Property Management Co. Ltd	sanvillage.com	04/03/2013
Beijing Sanlitun South Property Management Co. Ltd	sanvillage.com.cn	20/03/2013
Beijing Sanlitun South Property Management Co. Ltd	sltvillage.com	04/03/2013
Beijing Sanlitun South Property Management Co. Ltd	sltvillage.com.cn	20/03/2013
Beijing Sanlitun South Property Management Co. Ltd	thevillage.com.cn	28/05/2010
Beijing Sanlitun South Property Management Co. Ltd	thevillageatsanlitun.com.cn	21/08/2011
Braemar West Limited	theorchards.com.hk	01/11/2011
Cathay Limited	oxfordhouse.com.hk	N/A
Cityplaza Holdings Limited	icepalace.com.hk	05/01/2013
Cityplaza Holdings Limited	太古城中心冰上皇宮.公司.hk	10/02/2011

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Registrant	Domain Name	Expiry Date
Consolidated Properties & Stores Limited	taikooplace.com.hk	N/A
Coventry Estates Ltd	cityplaza.com.hk	05/01/2013
Coventry Estates Ltd	太古城中心.公司.hk	10/02/2011
Festival Walk Holdings Limited	glacier.com.hk	N/A
Harbour Heights (Management) Limited	cityplaza1.com.hk	N/A
Lei King Wan (Management) Limited	onepacificplace.com.hk	N/A
Lowther Investments Limited	oceanshores.com.hk	01/10/2010
Lowther Investments Limited	oceanshores.hk	14/05/2011
New Light Hotels Limited	aliasbarcelona.com	14/03/2011
New Light Hotels Limited	aliasclubparadiso.com	21/10/2010
New Light Hotels Limited	aliashotels.co.uk	17/06/2011
New Light Hotels Limited	aliashotels.com	22/12/2011
New Light Hotels Limited	aliaskandinsky.com	14/03/2011
New Light Hotels Limited	aliasseattle.com	14/03/2011
New Light Hotels Limited	aliassupperclub.co.uk	05/05/2010
New Light Hotels Limited	avon-gorge-hotel.co.uk	30/08/2011
New Light Hotels Limited	avon-gorge-hotel.com	31/08/2010
New Light Hotels Limited	avon-gorge-hotel-bristol.com	24/08/2010
New Light Hotels Limited	avongorge-hotel-bristol.com	22/03/2011
New Light Hotels Limited	barcelonahotelexeter.co.uk	08/10/2010
New Light Hotels Limited	barcelonahotelexeter.com	09/10/2010
New Light Hotels Limited	cafe-paradiso.com	22/12/2010
New Light Hotels Limited	carolsontheterrace.co.uk	09/07/2011

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
New Light Hotels Limited	chapterhotel.co.uk	04/08/2011
New Light Hotels Limited	chapterhotel.com	04/08/2011
New Light Hotels Limited	chapterhotels.co.uk	04/08/2011
New Light Hotels Limited	chapterhotels.com	04/08/2011
New Light Hotels Limited	cliftonspahotel.co.uk	24/08/2011
New Light Hotels Limited	cliftonspahotel.com	24/08/2010
New Light Hotels Limited	exeterbrunch.co.uk	05/05/2010
New Light Hotels Limited	hotelbarcelonaexeter.co.uk	08/10/2010
New Light Hotels Limited	hotelbarcelonaexeter.com	09/10/2010
New Light Hotels Limited	hotelbarcelona-uk.com	22/12/2010
New Light Hotels Limited	hotelkandinsky.co.uk	17/06/2011
New Light Hotels Limited	hotelkandinsky.com	22/12/2011
New Light Hotels Limited	hotelseattle.co.uk	24/08/2011
New Light Hotels Limited	hotelseattlebrighton.com	25/06/2011
New Light Hotels Limited	kandinskyhotel.co.uk	09/09/2010
New Light Hotels Limited	kandinskyhotel.com	09/09/2010
New Light Hotels Limited	lansdowngrovehotel.co.uk	18/08/2010
New Light Hotels Limited	lumenhotels.co.uk	29/06/2011
New Light Hotels Limited	lumenhotels.com	30/06/2011
New Light Hotels Limited	magdalenchapterhotel.co.uk	08/09/2011
New Light Hotels Limited	magdalenchapterhotel.com	09/09/2010
New Light Hotels Limited	montpellierchapterhotel.co.uk	08/09/2011
New Light Hotels Limited	montpellierchapterhotel.com	09/09/2010

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Registrant	Domain Name	Expiry Date
New Light Hotels Limited	newlighthotels.co.uk	23/08/2011
New Light Hotels Limited	newlighthotels.com	24/08/2010
New Light Hotels Limited	newlighthotelsltd.co.uk	23/08/2011
New Light Hotels Limited	newlighthotelsltd.com	24/08/2010
New Light Hotels Limited	seattleclubparadiso.com	11/10/2010
New Light Hotels Limited	sundaylunchlive.co.uk	05/05/2010
New Light Hotels Limited	swirehotel.co.uk	29/09/2010
New Light Hotels Limited	swirehotels.co.uk	10/12/2011
New Light Hotels Limited	theavongorge.co.uk	31/08/2011
New Light Hotels Limited	theavongorge.com	31/08/2013
New Light Hotels Limited	theavongorgehotel.co.uk	08/08/2011
New Light Hotels Limited	thecliftonspahotel.co.uk	24/08/2011
New Light Hotels Limited	thecliftonspahotel.com	24/08/2010
New Light Hotels Limited	thecrescenthotel.co.uk	27/07/2011
New Light Hotels Limited	thelansdowngrove.co.uk	24/10/2010
New Light Hotels Limited	thelansdowngrovehotel.co.uk	18/08/2010
New Light Hotels Limited	themagdalenhotel.co.uk	27/07/2011
New Light Hotels Limited	themagdalenhotel.com	27/07/2010
Pacific Place Holdings Ltd	pacificplace.com.hk	N/A
Park Vale (Management) Limited	twopacificplace.com.hk	N/A
Quarry Bay Developments Limited	warwickhouse.com.hk	N/A
Redhill Properties Limited	citygate.com.hk	N/A
Robinson Place (Management) Limited	cityplaza2.com.hk	N/A

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Registrant	Domain Name	Expiry Date
StarCrest (Management) Limited	cityplaza3.com.hk	18/12/2010
StarCrest (Management) Limited	cityplaza3.hk	14/05/2011
StarCrest (Management) Limited	太古城中心三座.hk	10/02/2011
StarCrest (Management) Limited	太古城中心三座.公司.hk	10/02/2011
Swire and Island Communication Developments Limited	islandplace.com.hk	N/A
Swire Homes Management Limited	the-orchards.com.hk	29/11/2010
Swire Organisation For Youth Arts Limited	soya.org.hk	04/08/2011
Swire Organisation For Youth Arts Limited	viva.org.hk	04/08/2011
Swire Organisation For Youth Arts Limited	vivavivace.org.hk	04/08/2011
Swire Properties (China) Investment Company Limited	citygate.cn	24/03/2011
Swire Properties (China) Investment Company Limited	cityplaza.cn	24/03/2011
Swire Properties (China) Investment Company Limited	festivalwalk.cn	24/03/2011
Swire Properties (China) Investment Company Limited	islandeast.cn	24/03/2011
Swire Properties (China) Investment Company Limited	islandplace.cn	24/03/2011
Swire Properties (China) Investment Company Limited	onepacificplace.cn	24/03/2011
Swire Properties (China) Investment Company Limited	swireprop.cn	24/03/2011
Swire Properties (China) Investment Company Limited	swireproperties.cn	24/03/2011
Swire Properties (China) Investment Company Limited	swireproperty.cn	24/03/2011

APPENDIX IX**STATUTORY AND GENERAL INFORMATION**

Registrant	Domain Name	Expiry Date
Swire Properties (China) Investment Company Limited	swireprops.cn	24/03/2011
Swire Properties (China) Investment Company Limited	taikoohui.cn	24/03/2011
Swire Properties (China) Investment Company Limited	taikooplace.cn	24/03/2011
Swire Properties (China) Investment Company Limited	taikooshing.cn	24/03/2011
Swire Properties (China) Investment Company Limited	taikootsng.cn	24/03/2011
Swire Properties (China) Investment Company Limited	threepacificplace.cn	24/03/2011
Swire Properties (China) Investment Company Limited	twopacificplace.cn	24/03/2011
Swire Properties (Finance) Ltd	swireprop.com.hk	N/A
Swire Properties Inc.	asiabrickellkey.com	10/08/2010
Swire Properties Inc.	asiamiamicondo.com	10/08/2010
Swire Properties Inc.	brickellkey.com	18/06/2012
Swire Properties Inc.	carbonellbrickellkey.com	21/08/2010
Swire Properties Inc.	courtsbrickellkey.com	05/03/2011
Swire Properties Inc.	swiremiami.com	19/01/2011
Swire Properties Inc.	swireproperties.us	12/02/2015
Swire Properties Inc.	swireprops.com	18/06/2012
Swire Properties Inc.	swirepropsmiami.com	19/01/2011
Swire Properties Inc.	swirerealty.com	10/02/2015
Swire Properties Inc.	tequestapoint.com	21/12/2010
Swire Properties Inc.	thecarbonell.com	21/08/2010

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Registrant	Domain Name	Expiry Date
Swire Properties Inc.	threetequestapoint.com	18/06/2010
Swire Properties Investments Ltd	spl.com.hk	N/A
Swire Properties Limited	1islandeast.asia	25/03/2013
Swire Properties Limited	1islandeast.com	13/02/2012
Swire Properties Limited	1islandeast.com.hk	25/02/2013
Swire Properties Limited	1islandeast.net	18/03/2011
Swire Properties Limited	26sevenroad.com	29/05/2010
Swire Properties Limited	3-5starstreet.com	09/10/2012
Swire Properties Limited	3-5starstreet.com.hk	21/10/2012
Swire Properties Limited	36islandroad.com	29/05/2010
Swire Properties Limited	3coomberoad.com	29/05/2010
Swire Properties Limited	5starstreet.com	09/10/2012
Swire Properties Limited	5-starstreet.com	09/10/2012
Swire Properties Limited	5starstreet.com.hk	21/10/2012
Swire Properties Limited	5-starstreet.com.hk	30/10/2012
Swire Properties Limited	625kingsroad.com	12/03/2012
Swire Properties Limited	artistree.asia	25/03/2013
Swire Properties Limited	artistree.com.hk	10/11/2012
Swire Properties Limited	artistree.hk	07/11/2012
Swire Properties Limited	atrium.hk	10/06/2011
Swire Properties Limited	barpunk.com	11/03/2011
Swire Properties Limited	beirestaurant.com	11/03/2011
Swire Properties Limited	butterfields.hk	03/04/2013

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Registrant	Domain Name	Expiry Date
Swire Properties Limited	cafegrayhk.com	07/01/2012
Swire Properties Limited	cafegrayhongkong.com	07/01/2012
Swire Properties Limited	cambridgehouse.hk	10/06/2011
Swire Properties Limited	cambridgehse.com	04/09/2012
Swire Properties Limited	cambridgehse.hk	10/06/2011
Swire Properties Limited	citygateoutlet.asia	25/03/2013
Swire Properties Limited	citygateoutlet.com	12/05/2011
Swire Properties Limited	citygateoutlet.com.hk	21/05/2011
Swire Properties Limited	citygateoutlets.asia	25/03/2013
Swire Properties Limited	citygateoutlets.com	12/05/2011
Swire Properties Limited	citygateoutlets.com.hk	21/05/2018
Swire Properties Limited	citygateoutlets.hk	15/09/2012
Swire Properties Limited	cityplaza.asia	25/03/2013
Swire Properties Limited	cityplaza.com	21/12/2010
Swire Properties Limited	cityplaza.hk	04/02/2012
Swire Properties Limited	cityplaza1.com	29/05/2011
Swire Properties Limited	cityplaza1.hk	10/06/2011
Swire Properties Limited	cityplaza2.com	29/05/2011
Swire Properties Limited	cityplaza2.hk	10/06/2011
Swire Properties Limited	cityplaza3.com	20/04/2013
Swire Properties Limited	cityplaza4.com	20/04/2013
Swire Properties Limited	cityplaza4.hk	10/06/2011
Swire Properties Limited	cityplazafour.com	18/03/2011

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	cityplazafour.com.hk	05/02/2012
Swire Properties Limited	cityplazafour.hk	10/06/2011
Swire Properties Limited	cityplazahotel.hk	04/11/2010
Swire Properties Limited	cityplazaone.com	29/05/2011
Swire Properties Limited	cityplazaone.com.hk	05/02/2012
Swire Properties Limited	cityplazaone.hk	10/06/2011
Swire Properties Limited	cityplazathree.com	18/03/2011
Swire Properties Limited	cityplazathree.com.hk	05/02/2012
Swire Properties Limited	cityplazathree.hk	10/06/2011
Swire Properties Limited	cityplazatwo.com	29/05/2011
Swire Properties Limited	cityplazatwo.com.hk	05/02/2012
Swire Properties Limited	cityplazatwo.hk	10/06/2011
Swire Properties Limited	cornwallhouse.com	15/05/2011
Swire Properties Limited	cornwallhouse.hk	10/06/2011
Swire Properties Limited	cornwallhse.hk	10/06/2011
Swire Properties Limited	culturalharbor.com	26/07/2010
Swire Properties Limited	culturalharbor.com.hk	07/08/2010
Swire Properties Limited	culturalharbor.hk	29/07/2010
Swire Properties Limited	culturalharbour.com	26/07/2010
Swire Properties Limited	culturalharbour.com.hk	07/08/2010
Swire Properties Limited	culturalharbour.hk	29/07/2010
Swire Properties Limited	devonhouse.hk	10/06/2011
Swire Properties Limited	devonhse.com	04/09/2012

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	devonhse.hk	10/06/2011
Swire Properties Limited	dorsethouse.hk	10/06/2011
Swire Properties Limited	dorsethse.com	04/09/2012
Swire Properties Limited	dorsethse.hk	10/06/2011
Swire Properties Limited	east-beijing.com	21/10/2011
Swire Properties Limited	easthongkong.com	12/06/2011
Swire Properties Limited	east-hongkong.com	21/10/2011
Swire Properties Limited	easthotelbeijing.com	24/03/2012
Swire Properties Limited	easthotelhongkong.com	24/03/2012
Swire Properties Limited	east-hotels.com	21/10/2011
Swire Properties Limited	easthotels.com.hk	24/06/2011
Swire Properties Limited	festivalwalk.asia	25/03/2013
Swire Properties Limited	festivalwalk.com	16/12/2010
Swire Properties Limited	festivalwalk.com.hk	18/09/2010
Swire Properties Limited	festivalwalk.hk	14/05/2011
Swire Properties Limited	fivestarstreet.com	09/10/2012
Swire Properties Limited	fivestarstreet.com.hk	21/10/2012
Swire Properties Limited	glacier.asia	25/03/2013
Swire Properties Limited	glacier.hk	10/06/2011
Swire Properties Limited	good2me.com	06/01/2013
Swire Properties Limited	good2me.net	18/09/2010
Swire Properties Limited	goodtome.com	16/06/2011
Swire Properties Limited	goodtome.net	16/06/2011

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	goodtome.org	16/06/2011
Swire Properties Limited	hkculturalharbor.com	26/07/2010
Swire Properties Limited	hkculturalharbor.com.hk	07/08/2010
Swire Properties Limited	hkculturalharbor.hk	29/07/2010
Swire Properties Limited	hkculturalharbour.com	26/07/2010
Swire Properties Limited	hkculturalharbour.com.hk	07/08/2010
Swire Properties Limited	hkculturalharbour.hk	29/07/2010
Swire Properties Limited	hongkongculturalharbor.com	29/07/2010
Swire Properties Limited	hongkongculturalharbor.com.hk	07/08/2010
Swire Properties Limited	hongkongculturalharbor.hk	29/07/2010
Swire Properties Limited	hongkongculturalharbour.com	29/07/2010
Swire Properties Limited	hongkongculturalharbour.com.hk	07/08/2010
Swire Properties Limited	hongkongculturalharbour.hk	29/07/2010
Swire Properties Limited	hoteleast.hk	04/11/2010
Swire Properties Limited	hotelsanlitun.asia	25/03/2011
Swire Properties Limited	icepalace.hk	10/06/2011
Swire Properties Limited	ie-matrix.hk	10/06/2011
Swire Properties Limited	indigomall.com	02/12/2012
Swire Properties Limited	islandeast.asia	25/03/2013
Swire Properties Limited	islandeast.com	16/04/2011
Swire Properties Limited	islandeast.hk	10/06/2011
Swire Properties Limited	islandeast.info	06/08/2010
Swire Properties Limited	islandeast.net	05/08/2010

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	islandeasthotel.com	27/10/2012
Swire Properties Limited	islandheights.com.hk	13/01/2013
Swire Properties Limited	islandheights.hk	14/01/2013
Swire Properties Limited	islandlodge.com.hk	14/06/2010
Swire Properties Limited	islandlodge.hk	12/06/2010
Swire Properties Limited	islandplace.hk	10/06/2011
Swire Properties Limited	lessaisons.com	20/03/2012
Swire Properties Limited	limehousehotel.com	07/11/2010
Swire Properties Limited	lincolnhouse.com	15/05/2011
Swire Properties Limited	lincolnhouse.hk	10/06/2011
Swire Properties Limited	lincolnhse.hk	10/06/2011
Swire Properties Limited	mail-swireproperties.com	14/11/2012
Swire Properties Limited	newsanlitun.asia	25/03/2011
Swire Properties Limited	onecitygate.asia	25/03/2013
Swire Properties Limited	onecitygate.com.hk	11/06/2012
Swire Properties Limited	oneislandeast.asia	25/03/2013
Swire Properties Limited	oneislandeast.com	13/02/2012
Swire Properties Limited	oneislandeast.com.hk	25/02/2013
Swire Properties Limited	oneislandeast.net	18/03/2011
Swire Properties Limited	onepacificplace.asia	25/03/2013
Swire Properties Limited	onepacificplace.hk	10/06/2011
Swire Properties Limited	oxfordhouse.hk	10/06/2011
Swire Properties Limited	oxfordhse.com	04/09/2012

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	oxfordhse.hk	10/06/2011
Swire Properties Limited	pacificplace.asia	25/03/2013
Swire Properties Limited	pacificplace.hk	16/09/2011
Swire Properties Limited	pacificplaceapartments.com.hk	01/08/2011
Swire Properties Limited	pacificplaceapartments.hk	30/07/2011
Swire Properties Limited	pacificplaceconferencecentre.asia	25/03/2013
Swire Properties Limited	pacificplaceconferencecentre.hk	11/06/2011
Swire Properties Limited	pacificplaceoffices.com.hk	01/08/2011
Swire Properties Limited	pacificplaceoffices.hk	30/07/2011
Swire Properties Limited	parkside.asia	25/03/2013
Swire Properties Limited	parkside.hk	11/06/2011
Swire Properties Limited	ppapartments.com.hk	01/08/2011
Swire Properties Limited	ppapartments.hk	30/07/2011
Swire Properties Limited	ppmall.com.hk	01/08/2011
Swire Properties Limited	ppmall.hk	30/07/2011
Swire Properties Limited	ppoffices.com.hk	01/08/2011
Swire Properties Limited	ppoffices.hk	30/07/2011
Swire Properties Limited	rockybank.com	29/05/2010
Swire Properties Limited	sanlitun.asia	25/03/2011
Swire Properties Limited	sanlituncrossing.com	26/02/2011
Swire Properties Limited	sanlitunhotel.asia	25/03/2011
Swire Properties Limited	sanlitunplace.com	26/02/2011
Swire Properties Limited	sanlitunpoint.com	26/02/2011

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	sanlitunprecinct.asia	25/03/2011
Swire Properties Limited	sanlitunvillage.asia	25/03/2011
Swire Properties Limited	sanlitunvillage.com	24/07/2011
Swire Properties Limited	sltville.asia	25/03/2011
Swire Properties Limited	somersetthouse.hk	10/06/2011
Swire Properties Limited	somersetthse.com	04/09/2012
Swire Properties Limited	somersetthse.hk	10/06/2011
Swire Properties Limited	spl.hk	10/06/2011
Swire Properties Limited	splbrp.com	02/06/2011
Swire Properties Limited	splchina.com.hk	01/06/2012
Swire Properties Limited	splcnprojects.com	04/11/2012
Swire Properties Limited	splprojects.com	08/04/2012
Swire Properties Limited	ssmelody.com	06/06/2011
Swire Properties Limited	starstreet.asia	28/03/2013
Swire Properties Limited	starstreet.com.hk	11/11/2012
Swire Properties Limited	sugar-hongkong.com	12/10/2019
Swire Properties Limited	sunshinemelody.com	06/06/2011
Swire Properties Limited	surenorestaurant.com	11/03/2011
Swire Properties Limited	swirehome.com	18/06/2012
Swire Properties Limited	swirehome.com.hk	24/06/2012
Swire Properties Limited	swirehome.hk	14/05/2011
Swire Properties Limited	swirehomes.com	18/06/2012
Swire Properties Limited	swirehomes.com.hk	24/06/2012

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Registrant	Domain Name	Expiry Date
Swire Properties Limited	wirehomes.hk	14/05/2011
Swire Properties Limited	wirehotel.com	27/10/2012
Swire Properties Limited	wirehotelgroup.com	11/12/2010
Swire Properties Limited	wirehotels.com	27/10/2012
Swire Properties Limited	wirehotels.hk	04/11/2010
Swire Properties Limited	wirehotelscollection.com	11/12/2010
Swire Properties Limited	wirehotelsgroup.com	11/12/2010
Swire Properties Limited	wirehotelsrecruitment.com	09/04/2012
Swire Properties Limited	wireislandeast.asia	25/03/2013
Swire Properties Limited	wirematrix.com	04/09/2012
Swire Properties Limited	wirematrix.com.hk	05/02/2012
Swire Properties Limited	wirematrix.hk	10/06/2011
Swire Properties Limited	wireoffice.asia	25/03/2013
Swire Properties Limited	wireoffice.com	02/10/2011
Swire Properties Limited	wireoffice.com.hk	11/10/2010
Swire Properties Limited	wireoffice.hk	14/05/2011
Swire Properties Limited	wireoffices.asia	25/03/2013
Swire Properties Limited	wireoffices.com	02/10/2011
Swire Properties Limited	wireoffices.com.hk	11/10/2010
Swire Properties Limited	wireoffices.hk	14/05/2011
Swire Properties Limited	wireprop.com	18/01/2012
Swire Properties Limited	wireprop.hk	10/06/2011
Swire Properties Limited	wireprop.net	20/03/2011

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	swireproperties.asia	25/03/2013
Swire Properties Limited	swireproperties.com	17/06/2010
Swire Properties Limited	swireproperties.com.cn	09/11/2011
Swire Properties Limited	swireproperties.eu	11/04/2011
Swire Properties Limited	swireproperties.gd.cn	09/11/2011
Swire Properties Limited	swireproperties.gz.cn	09/11/2011
Swire Properties Limited	swireproperties.net.cn	27/12/2012
Swire Properties Limited	swireproperties.org.cn	27/12/2012
Swire Properties Limited	swirepropertieschina.com	14/05/2012
Swire Properties Limited	swirepropertieschina.com.cn	15/05/2012
Swire Properties Limited	swirepropertieschina.com.hk	01/06/2012
Swire Properties Limited	swireproperty.com.hk	16/11/2011
Swire Properties Limited	swireproperty.hk	03/07/2010
Swire Properties Limited	swireprops.com.hk	01/10/2012
Swire Properties Limited	swireprops.hk	14/05/2011
Swire Properties Limited	swireprops.net	20/03/2011
Swire Properties Limited	swirereit.com	21/09/2010
Swire Properties Limited	swire-reit.com	24/10/2010
Swire Properties Limited	taigudichan.com	14/05/2012
Swire Properties Limited	taigudichan.com.cn	15/05/2012
Swire Properties Limited	taikoochina.com	14/05/2012
Swire Properties Limited	taikoochina.com.cn	15/05/2012
Swire Properties Limited	taikoohui	30/11/2019

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	taikoohui.asia	25/03/2013
Swire Properties Limited	taikoohui.com	25/08/2012
Swire Properties Limited	taikooplace.asia	25/03/2013
Swire Properties Limited	taikooplace.com	12/03/2012
Swire Properties Limited	taikooplace.hk	10/06/2011
Swire Properties Limited	taikooplace.info	06/08/2010
Swire Properties Limited	taikooplace.net	05/08/2010
Swire Properties Limited	taikooshing.asia	25/03/2013
Swire Properties Limited	taikooshing.com	26/03/2012
Swire Properties Limited	taikooshing.net	20/03/2011
Swire Properties Limited	theoppositehouse.com	11/12/2010
Swire Properties Limited	thesanlitun.com	26/02/2011
Swire Properties Limited	theupperhouse.com.hk	11/09/2011
Swire Properties Limited	theupperhousehk.com	30/07/2011
Swire Properties Limited	theupperhousehongkong.com	30/07/2011
Swire Properties Limited	theupperhousehotel.com	30/07/2011
Swire Properties Limited	thevillageatsanlitun.asia	25/03/2011
Swire Properties Limited	thevillageatsanlitun.com	22/08/2011
Swire Properties Limited	thevillage-at-slt.asia	28/03/2011
Swire Properties Limited	thevillage-at-slt.com	28/05/2011
Swire Properties Limited	thevillageat三里屯.com	21/08/2011
Swire Properties Limited	thevillage-beijing.asia	28/03/2011
Swire Properties Limited	thevillage-beijing.com	28/05/2011

Registrant	Domain Name	Expiry Date
Swire Properties Limited	threepacificplace.asia	28/03/2013
Swire Properties Limited	threepacificplace.com	04/06/2012
Swire Properties Limited	threepacificplace.hk	14/05/2011
Swire Properties Limited	tjstop.com	18/01/2011
Swire Properties Limited	twopacificplace.asia	28/03/2013
Swire Properties Limited	twopacificplace.hk	10/06/2011
Swire Properties Limited	upperhouse.com	28/05/2012
Swire Properties Limited	vivavivace.org	16/07/2011
Swire Properties Limited	warwickhouse.hk	10/06/2011
Swire Properties Limited	warwickhse.com	04/09/2012
Swire Properties Limited	warwickhse.hk	10/06/2011
Swire Properties Limited	冰上新視野.com	04/02/2012
Swire Properties Limited	冰上新視野.hk	07/03/2011
Swire Properties Limited	冰上新視野.公司.hk	07/03/2011
Swire Properties Limited	匯圃.com	04/02/2012
Swire Properties Limited	匯圃.hk	07/03/2011
Swire Properties Limited	匯圃.公司.hk	07/03/2011
Swire Properties Limited	三里屯新目光.com	28/03/2013
Swire Properties Limited	叁里屯新目光.com	28/03/2013
Swire Properties Limited	又一城.hk	04/03/2013
Swire Properties Limited	又一城.中国	31/01/2018
Swire Properties Limited	又一城.公司	31/01/2018
Swire Properties Limited	和城大廈.com	13/02/2012

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	和城大廈.hk	10/02/2011
Swire Properties Limited	和城大廈.公司.hk	07/03/2011
Swire Properties Limited	多盛大廈.com	13/02/2012
Swire Properties Limited	多盛大廈.hk	10/02/2011
Swire Properties Limited	多盛大廈.公司.hk	07/03/2011
Swire Properties Limited	天河聚.com	17/01/2011
Swire Properties Limited	天河聚.中国	17/01/2011
Swire Properties Limited	天河聚.公司	17/01/2011
Swire Properties Limited	太古匯.com	31/07/2012
Swire Properties Limited	太古匯.公司	16/09/2012
Swire Properties Limited	太古地產.com	10/12/2010
Swire Properties Limited	太古地產.hk	04/03/2013
Swire Properties Limited	太古地產.net	31/01/2018
Swire Properties Limited	太古地產.中国	28/07/2012
Swire Properties Limited	太古地產.公司	17/06/2012
Swire Properties Limited	太古坊.com	13/02/2012
Swire Properties Limited	太古坊.hk	10/02/2011
Swire Properties Limited	太古坊.公司.hk	07/03/2011
Swire Properties Limited	太古城中心.hk	07/03/2011
Swire Properties Limited	太古城中心一座.com	13/02/2012
Swire Properties Limited	太古城中心一座.hk	10/02/2011
Swire Properties Limited	太古城中心一座.公司.hk	07/03/2011
Swire Properties Limited	太古城中心三座.com	13/02/2012

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	太古城中心冰上皇宮.com	13/02/2012
Swire Properties Limited	太古城中心冰上皇宮.hk	10/02/2011
Swire Properties Limited	太古城中心四座.com	13/02/2012
Swire Properties Limited	太古城中心四座.hk	10/02/2011
Swire Properties Limited	太古城中心四座.公司.hk	07/03/2011
Swire Properties Limited	太古城港島東.com	13/02/2012
Swire Properties Limited	太古城港島東.hk	07/03/2011
Swire Properties Limited	太古城港島東.公司.hk	07/03/2011
Swire Properties Limited	太古廣場.com	11/12/2010
Swire Properties Limited	太古广场.net	31/01/2018
Swire Properties Limited	太古廣場.中国	31/01/2018
Swire Properties Limited	太古廣場.公司	31/01/2018
Swire Properties Limited	太古港島東.com	13/02/2012
Swire Properties Limited	太古港島東.hk	07/03/2011
Swire Properties Limited	太古港島東.公司.hk	07/03/2011
Swire Properties Limited	太古雅宅.hk	04/03/2013
Swire Properties Limited	常盛大廈.com	13/02/2012
Swire Properties Limited	常盛大廈.hk	10/02/2011
Swire Properties Limited	常盛大廈.公司.hk	07/03/2011
Swire Properties Limited	康和大廈.com	13/02/2012
Swire Properties Limited	康和大廈.hk	10/02/2011
Swire Properties Limited	康和大廈.公司.hk	07/03/2011
Swire Properties Limited	康橋大廈.com	13/02/2012

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	康橋大廈.hk	10/02/2011
Swire Properties Limited	康橋大廈.公司.hk	07/03/2011
Swire Properties Limited	廣州太古匯	30/11/2019
Swire Properties Limited	德宏大廈.com	13/02/2012
Swire Properties Limited	德宏大廈.hk	10/02/2011
Swire Properties Limited	德宏大廈.公司.hk	07/03/2011
Swire Properties Limited	拾圍.com	04/02/2012
Swire Properties Limited	拾圍.hk	07/03/2011
Swire Properties Limited	拾圍.公司.hk	07/03/2011
Swire Properties Limited	新目光.com	28/03/2013
Swire Properties Limited	星域軒.com	13/02/2012
Swire Properties Limited	星域軒.中国	14/02/2012
Swire Properties Limited	星域軒.公司	14/02/2012
Swire Properties Limited	星街5號.com	12/10/2012
Swire Properties Limited	星街5號.hk	20/10/2012
Swire Properties Limited	林肯大廈.com	13/02/2012
Swire Properties Limited	林肯大廈.hk	10/02/2011
Swire Properties Limited	林肯大廈.公司.hk	07/03/2011
Swire Properties Limited	港島東.com	13/02/2012
Swire Properties Limited	港島東中心.com	13/02/2012
Swire Properties Limited	港島東矩阵.com	04/02/2012
Swire Properties Limited	港島東.hk	10/02/2011
Swire Properties Limited	港島東中心.hk	07/03/2011

<u>Registrant</u>	<u>Domain Name</u>	<u>Expiry Date</u>
Swire Properties Limited	港島東中心.公司.hk	07/03/2011
Swire Properties Limited	港島東矩陣.hk	07/03/2011
Swire Properties Limited	港島東矩陣.公司.hk	07/03/2011
Swire Properties Limited	港濤軒.com	05/07/2010
Swire Properties Limited	港濤軒.hk	12/06/2010
Swire Properties Limited	港運城.com	04/02/2012
Swire Properties Limited	港運城.hk	10/02/2011
Swire Properties Limited	港運城.公司.hk	07/03/2011
Swire Properties Limited	港運大廈.com	04/02/2012
Swire Properties Limited	濠豐大廈.com	13/02/2012
Swire Properties Limited	濠豐大廈.hk	10/02/2011
Swire Properties Limited	濠豐大廈.公司.hk	07/03/2011
Swire Properties Limited	瑜舍.com	18/11/2012
Swire Properties Limited	瑜舍酒店.com	13/01/2013
Swire Properties Limited	糖廠街.com	04/02/2012
Swire Properties Limited	糖廠街.hk	07/03/2011
Swire Properties Limited	糖廠街.公司.hk	07/03/2011
Swire Properties Limited	英皇道625號.com	04/02/2012
Swire Properties Limited	藝林軒.com	04/02/2012
Swire Properties Limited	藝林軒.hk	07/03/2011
Swire Properties Limited	藝林軒.公司.hk	07/03/2011
Swire Properties Limited	藝術的味道.com	04/02/2012
Swire Properties Limited	藝術的味道.hk	07/03/2011

APPENDIX IX**STATUTORY AND GENERAL INFORMATION**

Registrant	Domain Name	Expiry Date
Swire Properties Limited	藝術的味道.公司.hk	07/03/2011
Swire Properties Limited	資訊亭.com	04/02/2012
Swire Properties Limited	資訊亭.hk	07/03/2011
Swire Properties Limited	資訊亭.公司.hk	07/03/2011
Swire Properties Limited	雅賓利.com	04/02/2012
Swire Properties Limited	雅賓利.中国	05/02/2012
Swire Properties Limited	雅賓利.公司	05/02/2012
Swire Properties Limited	雍景台.com	13/02/2012
Swire Properties Limited	雍景台.中国	14/02/2012
Swire Properties Limited	雍景台.公司	14/02/2012
Swire Properties Limited	電訊盈科中心.com	13/02/2012
Swire Properties Limited	電訊盈科中心.hk	07/03/2011
Swire Properties Limited	電訊盈科中心.公司.hk	07/03/2011
Swire Properties Management Ltd	cambridgehouse.net	29/05/2011
Swire Properties Management Ltd	cp3bms.com.hk	29/08/2010
Swire Properties Management Ltd	swireproperties.com.hk	05/03/2011
Swire Properties Management Ltd	swireproperties.hk	14/05/2010
Swire Properties Real Estate Agency Limited	lincolnhouse.com.hk	N/A
Swire Properties Retail Services Limited	cityplaza4.com.hk	N/A
Swire Properties Services Limited	somersetthouse.com.hk	N/A
Swire Sirius (Stage III) Limited	dorsetthouse.com.hk	N/A
Taikoo Hui (Guangzhou) Development Co. Ltd.	taikoohui.com.cn	09/11/2011

APPENDIX IX**STATUTORY AND GENERAL INFORMATION**

Registrant	Domain Name	Expiry Date
Taikoo Hui (Guangzhou) Development Co. Ltd.	taikoohui.gd.cn	09/11/2011
Taikoo Hui (Guangzhou) Development Co. Ltd.	taikoohui.gz.cn	09/11/2011
Taikoo Hui (Guangzhou) Development Co. Ltd.	tjstop.cn	17/01/2011
Taikoo Hui (Guangzhou) Development Co. Ltd.	tjstop.com.cn	17/01/2011
Taikoo Hui (Guangzhou) Development Co. Ltd.	tjstop.gd.cn	17/01/2011
Taikoo Hui (Guangzhou) Development Co. Ltd.	tjstop.gz.cn	17/01/2011
TaiKoo Place Holdings Limited	islandeast.com.hk	05/01/2013
TaiKoo Place Holdings Limited	港島東.公司.hk	10/02/2011
Taikoo Properties (1973) Limited	good2me.com.hk	01/06/2012
Taikoo Shing (Management) Limited	taikooshing.com.hk	01/10/2013
Taikoo Shing (Management) Limited	taikooshing.hk	14/05/2011
Taikoo Shing (Management) Limited	太古城.hk	10/02/2011
Taikoo Shing (Management) Limited	太古城.公司.hk	10/02/2011
The Floridian (Management) Limited	atrium.com.hk	N/A
Westlands Court (Management) Limited	cambridgehouse.com.hk	N/A
Westlands Estates Limited	cornwallhouse.com.hk	N/A

D. FURTHER INFORMATION ABOUT THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors' Service Contracts

Each Director of the Company has entered into a letter of appointment, which constitutes a service contract, with the Company for a term up to the next following annual general meeting at which they will retire, which will be renewed for a term of three years upon each election or re-election.

2. Directors' Remuneration

The aggregate amounts of emoluments (including fees, salaries, contributions to pensions schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid to the Directors for the three years ended 31st December 2009 were approximately HK\$40 million, HK\$50 million and HK\$71 million, respectively.

Under the arrangements currently in force, we estimate the aggregate compensation, excluding discretionary bonus, of the Directors payable for the year ending 31st December 2010 to be approximately HK\$32 million.

Except as disclosed above, no other payments have been made or are payable, in respect of the three years ended 31st December 2009, by any of member of the Group to any of the Directors.

3. Substantial Shareholders

Immediately following the completion of the Global Offering and the Swire Pacific Distribution, without taking into account the Shares which may be sold pursuant to the exercise of the Over-allotment Option or Shares which may be taken up by any person under the Global Offering and which would affect disclosure in this section, the following persons will have an interest or a short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(i) Long positions in the Shares and underlying Shares

Name	Number of Shares	Approximate percentage of issued share capital
Swire Pacific	5,539,537,750	83.93%
JSS	5,598,211,880	84.82%

(ii) Short positions in the Shares and underlying Shares — nil.

(iii) Interests in other members of our Group

Name of subsidiary	Name of shareholder	Number of Shares	Approximate percentage of issued share capital
Abbey Head Company Limited	GC Acquisitions VI Limited	200 ordinary shares	20%
Endeavour Technology Limited	Channel Best Limited ⁽¹⁾	125 ordinary shares	12.5%
Jade at Brickell Bay Associates, Limited	Suttonwood Holding LLC	Nil	37.5%
Peragore Limited	Cheer East Limited ⁽²⁾	200 ordinary shares	20%
Swire and Island Communication Developments Limited	Island Communication Enterprises Limited ⁽³⁾	1 non-voting dividend share and 40 ordinary shares	40%

Notes:

- (1) Henderson Land Development Company Limited, through its subsidiary, Channel Best Limited, is indirectly interested in a 12.5% interest in Endeavour Technology Limited.
- (2) Cheer East Limited is a company owned as to 50% by Henderson Land Development Company Limited through its subsidiary, Profit Best Development Limited, and as to the remaining 50% by Unibo Investment Limited, a company controlled by Alexander LAM Ko Yu.
- (3) China Motor Bus Company Limited, through its subsidiary, Island Communication Enterprises Limited, is indirectly interested in a 40% interest in Swire and Island Communication Developments Limited.

Save as disclosed herein, the Directors are not aware of any person who immediately following the completion of the Global Offering and the Swire Pacific Distribution, without taking into account the Shares which may be sold pursuant to the exercise of the Over-allotment Option or Shares which may be taken up by any person under the Global Offering and which would affect disclosure in this section will have an interest or a short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and are therefore regarded as substantial shareholders under the Listing Rules.

4. Disclosure of Interests of Directors

Immediately following the completion of the Global Offering and the Swire Pacific Distribution (without taking into account the Shares which may be sold pursuant to the Over-allotment Option or Shares which may be taken up by any person under the Global Offering and which would affect disclosure in this section), the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

Interest in the share capital of the Company (all being long positions)

<u>Name of Director</u>	<u>Capacity</u>			<u>Total no. of shares</u>	<u>Approximate percentage of issued Shares in the Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised) (%)</u>	<u>Note</u>
	<u>Beneficial interest</u>	<u>Personal</u>	<u>Family</u>			
			<u>Trust interest</u>			
S E Bradley	100	1,000	—	1,100	0.00002	—
J C G Bremridge.....	7,950	—	—	7,950	0.00012	—
P K Etchells.....	—	1,200	—	1,200	0.00002	—
D Ho	2,000	—	—	2,000	0.00003	—
C D Pratt	6,100	—	—	6,100	0.00009	—
M B Swire	50,708	—	150,206	200,914	0.00304	(1)

Note:

- (1) M B Swire is a trustee of trusts which hold 211,747 'A' shares and 5,550,900 'B' shares in Swire Pacific Limited, in which he does not have any beneficial interest and in respect of which 132,192 Shares (included under "Trust Interest") will be distributed under the Swire Pacific Distribution. He will not have any beneficial interest in those Shares.

Interest in the share capital of Swire Pacific and JSS (being holding companies and therefore associated corporations of the Company)

	<u>Capacity</u>				Percentage of issued capital in Swire Pacific immediately after the Global Offering (assuming the number of issued shares of Swire Pacific remains unchanged after the Latest Practicable Date until completion of the Global Offering) (%)	Note
	<u>Beneficial interest</u>			Total no. of shares		
	Personal	Family	Trust interest			
Swire Pacific						
<i>'A' shares</i>						
S E Bradley.....	1,000	10,000	—	11,000	0.0012	—
J C G Bremridge	32,500	—	—	32,500	0.0036	—
P K Etchells	—	12,000	—	12,000	0.0013	—
C D Pratt.....	41,000	—	—	41,000	0.0045	—
M B Swire.....	58,791	—	211,747	270,538	0.0299	(1)
<i>'B' shares</i>						
J C G Bremridge	235,000	—	—	235,000	0.0078	—
D Ho	100,000	—	—	100,000	0.0033	—
C D Pratt.....	100,000	—	—	100,000	0.0033	—
M B Swire.....	2,241,483	—	6,451,632	8,693,115	0.2902	(1)
	<u>Capacity</u>				Percentage of issued capital in JSS immediately after the Global Offering (assuming the number of issued shares of JSS remains unchanged after the Latest Practicable Date until completion of the Global Offering) (%)	Note
	<u>Beneficial interest</u>			Total no. of shares		
	Personal	Family	Trust interest			
JSS						
<i>Ordinary Shares of £1</i>						
M B Swire.....	2,759,273	—	19,222,920	21,982,193	21.98	(1)
<i>8% Cum. Preference Shares of £1</i>						
M B Swire.....	837,101	—	5,655,441	6,492,542	21.64	(1)

Note:

(1) M B Swire is a trustee of trusts which hold 10,766,080 ordinary shares and 3,121,716 preference shares in John Swire & Sons Limited and 211,747 'A' shares and 5,550,900 'B' shares in Swire Pacific Limited included under "Trust interest" and does not have any beneficial interest in those shares.

5. Disclaimers

Save as disclosed in this prospectus:

- (a) none of the Directors or chief executive of the Company has any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;
- (b) so far as is known to any of the Directors or chief executive of the Company, no person has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group;
- (c) none of the Directors nor any of the persons listed in the sub-section headed “Qualification of Experts” below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (d) none of the Directors is materially interested in any contract or arrangement with the Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of the Group;
- (e) save in connection with Underwriting Agreements, none of the persons listed in the sub-section headed “Qualification of Experts” below has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (f) save for the Underwriting Agreements, none of the persons listed in the sub-section headed “Qualification of Experts” below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole;
- (g) none of the Directors has entered or has proposed to enter into any service agreements with the Company or any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation);

- (h) so far as is known to the Directors, none of the Directors or their associates or any shareholder of the Company (which to the knowledge of the Directors owns 5% or more of the issued share capital of the Company) has any interest in any of the five largest customers or the five largest suppliers of the Group; and
- (i) none of the Controlling Shareholders and the Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

E. OTHER INFORMATION

1. Estate Duty, Tax and Other Indemnities

The Directors have been advised that no material liability for estate duty is likely to fall on the Company and its subsidiaries in Hong Kong or the PRC.

2. Litigation

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Group, that would have a material adverse effect on its business, results of operations or financial condition.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

4. No Material Adverse Change

The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since 31st December 2009 (being the date to which the Company's latest audited financial statements were made up).

5. Particulars of the Controlling Shareholders

Pursuant to the Over-allotment Option, the Controlling Shareholders may be required to sell Shares under the Over-allotment Option. Certain particulars of the Controlling Shareholders are set out below:

Name	Description	Registered Office	Number of Shares subject to the Over- allotment Option
Swire Pacific	It principally operates beverages, marine services and trading and industrial businesses and owns interests in associated aviation businesses and other associate interests.	35th Floor, Two Pacific Place, 88 Queensway, Hong Kong	77,825,870
JSS.....	Its principal activities include investment holding, deep-sea shipping, cold storage, road transport, agricultural activities, and provision of management and advisory services within the group.	Swire House, 59 Buckingham Gate, London SW1E 6AJ, United Kingdom	58,674,130

6. Miscellaneous

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus,

- (a) no share or loan capital of the Company or any of its principal subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) neither the Company nor any of its subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
- (d) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;
- (e) no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in the Company;

- (f) none of the equity and debt securities of the Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
- (g) the Company has no outstanding convertible debt securities.

7. Qualifications of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

<u>Name</u>	<u>Qualification</u>
Goldman Sachs	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities
HSBC	Registered institution under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities and also a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
Morgan Stanley	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities
PricewaterhouseCoopers	Certified Public Accountants
DTZ	Independent professional property valuer and market consultant
Christie + Co	Independent professional property valuer
Jingtian & Gongcheng	PRC legal adviser to the Company

8. Preliminary expenses

The preliminary expenses incurred by the Company were HK\$50,000 and were payable by the Company.

9. Consents of Experts

Each of the Joint Sponsors, PricewaterhouseCoopers as our independent reporting accountant, DTZ as our independent property valuer and market consultant, Christie + Co as our independent property valuer and Jingtian & Gongcheng as our legal adviser on PRC law has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of values and/or valuation certificate and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in the Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any of its subsidiaries.

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **WHITE, YELLOW, PINK** and **GREEN** Application Forms, the written consents referred to in the section headed “Other Information — Consents of Experts” in Appendix IX “Statutory and General Information” to this prospectus, copies of the material contracts referred to in the section headed “Further Information About the Company’s Business — Summary of Material Contracts” in Appendix IX “Statutory and General Information” to this prospectus and the statement of particulars of the Controlling Shareholders.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Slaughter and May at 47th Floor, Jardine House, One Connaught Place, Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

- (1) the Memorandum and Articles of Association of the Company;
- (2) the Accountant’s Report and the letter on the unaudited pro forma financial information prepared by PricewaterhouseCoopers the texts of which are set out in Appendices I and II to this prospectus, respectively;
- (3) the audited consolidated financial statements of the Group for each of the three years ended 31st December 2009;
- (4) the letters relating to the profit forecast the texts of which are set out in Appendix III to this prospectus;
- (5) the letters, summaries of values and valuation certificates relating to the property interests of the Group (other than Amalgamation Properties) prepared by DTZ and Christie + Co the texts of which are set out in Appendix IV to this prospectus and the valuation report (in English only) of DTZ Debenham Tie Leung Limited and Christie + Co referred to in Appendix IV “Property Valuation” to this prospectus;
- (6) the market research report prepared by DTZ the text of which is set out in Appendix V to this prospectus;
- (7) the material contracts referred to in the section headed “Further Information About the Company’s Business — Summary of Material Contracts” in Appendix IX “Statutory and General Information” to this prospectus;
- (8) the written consents referred to in the section headed “Other Information — Consents of Experts” in Appendix IX “Statutory and General Information” to this prospectus;
- (9) the legal opinions prepared by Jingtian & Gongcheng, the Company’s legal adviser as to PRC law, in respect of certain aspects of the Group and the property interests of the Group; and
- (10) the statement of particulars of the Controlling Shareholders.

