



Building Connections to

CREATE SUPERBLY PLANNED AND MANAGED COMMUNITIES



Property and Other Businesses

Property Rental

8.6% Increase in Rental Income for HK and Mainland China

274,508 sq.m.

of Investment Properties in Hong Kong (in Lettable Floor Area)

Property Development

HK\$3.55 Billion

Property Development Profit

5,968

residential units sold

Property Management

79,449 HK residential units

742,414 sq.m. of HK Commercial Properties

973,254 sq.m. of Managed GFA

in the Mainland of China





Units of Le Prestige at LOHAS Park sold out rapidly.

There was some consolidation in the Hong Kong property market in the beginning of 2009. Nevertheless, as confidence improved and with low interest rates, market sentiment returned by mid year and property activities rose.

As at February 2010, property prices, in both the luxury and mass residential markets, have surpassed the levels achieved before the financial crisis.

Property Development

Profit from property development for 2009 was HK\$3,554 million, a decrease from the HK\$4,670 million recognised in 2008 mainly due to timing of profit recognition. The major contributors to property development profit in 2009 were the final profit recognition relating to The Harbourside at Kowloon Station, additional profit bookings from The Palazzo and The Capitol, as well as surplus proceeds from Lake Silver at Wu Kai Sha Station.

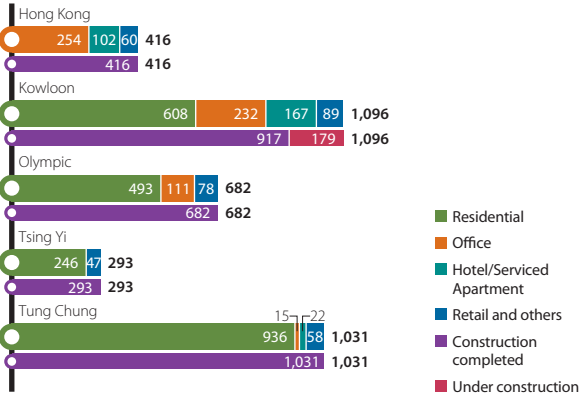


Property and Other Businesses

Airport Railway Property Development Plan and Progress

Along the Airport Railway, the sale of La Mer, the town house development which is the last phase of Caribbean Coast will commence shortly. In February 2009, unit sales were launched for The Cullinan.

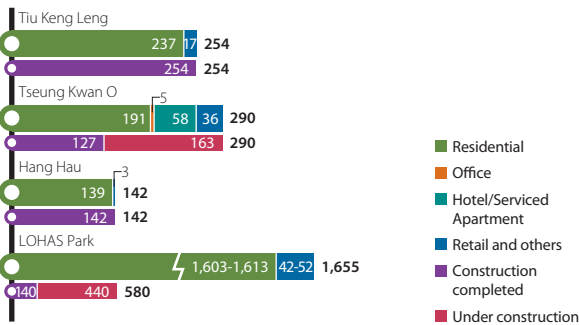
Gross floor area (thousand sq.m.)



Tseung Kwan O Line Property Development Plan and Progress

All 1,688 units of Le Prestige of LOHAS Park Package Two were sold by August 2009.

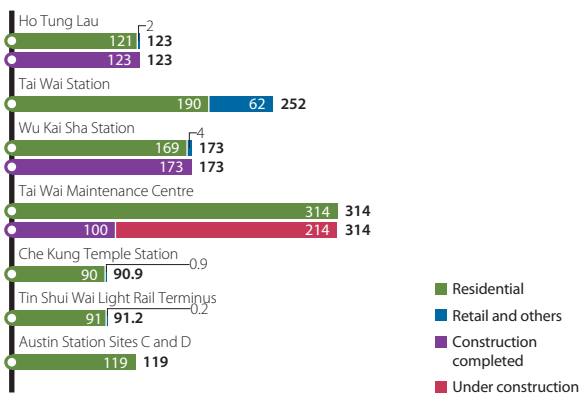
Gross floor area (thousand sq.m.)



East Rail Line, Ma On Shan Line, Light Rail and Austin Station Property Development Plan and Progress

Pre-sale of the 2,169 units of Lake Silver, a property development in Wu Kai Sha, was launched in late May and over 90% of the units were sold.

Gross floor area (thousand sq.m.)



Property sales continued to perform well, with pre-sales of Lake Silver at Wu Kai Sha being launched in May 2009 and the Occupation Permit was obtained in July. Over 90% of the 2,169 units have been sold. In August 2009, all 1,688 units of Le Prestige of LOHAS Park Package Two were sold and the Occupation Permit was issued on 29 January 2010. Pre-sales were also launched for Le Prime, also at LOHAS Park Package Two, in November 2009 with good results. We do not have any financial interest in Le Prime. In September, we sold all the units that we received as final profit sharing with the developer at The Harbourside in Kowloon Station.

Pre-sales will commence shortly for Phase 1 of Festival City in Tai Wai Maintenance Centre.

Along the Airport Railway, the sale of La Mer, the town house development that is the last phase of Caribbean Coast will commence shortly. In February 2009, unit sales were launched for The Cullinan. We have no financial interests in The Cullinan. The only remaining Airport Railway property development to be completed is Kowloon Station Package Five, Six and Seven, which is anticipated in 2010 when Occupation Permits will be issued for the top storeys of the International Commerce Centre ("ICC") and the approximately remaining 500-square-metre Phase III of Elements.

In our property tendering activity, we successfully awarded Austin Station Sites C and D to Fast New Limited, a consortium formed by New World Development Company Limited and Wheelock Properties Limited, on 2 March 2010. In this development, we will be contributing approximately HK\$3.9 billion as part of the land premium for the sites.

Good progress was made in the continuous design improvement of property development schemes under planning. A major



Our developments offer high-quality facilities, such as the Clubhouse at LOHAS Park.



Elements at Kowloon Station provides an enjoyable shopping experience for our customers.

revision to the Nam Cheong Station scheme to provide a better living environment and amendments to the master plan for the Tai Wai Station site to achieve environmental benefits and value enhancement were approved by the Town Planning Board in May and December 2009 respectively.

Property Rental, Property Management and Other Businesses

Total revenue from property rental, property management and other businesses increased by 8.0% in 2009 to HK\$2,928 million.

Property Rental

Demand for both office and retail space remained subdued throughout 2009. However, property rental income rose to HK\$2,548 million, an increase of 8.6% over 2008, due mainly to

the addition of another 988 square metres of rental space at Elements in November 2008 as well as an average increase in rental reversion of 7% across our retail shopping mall portfolio. We maintained close to 100% occupancy of our shopping malls and the Company's 18 floors at Two International Finance Centre were fully leased out.

At the end of December 2009, the Company's attributable share of lettable floor area of investment properties in Hong Kong was 223,047 square metres of retail properties, 41,059 square metres of offices, and 10,402 square metres for other usage.

Our commitment to continuous enhancement of our retail and investment properties, as well as our emphasis on our "Premier" management services, saw our shopping malls once again honoured with a variety of local and international awards. Our premium shopping mall Elements, situated above Kowloon Station, won the 2009 Distinguished Market Leadership Award and Award for Marketing Excellence from the Hong Kong Management Association. Elements continued to receive international recognition by winning the GOLD Direct Market Lotus Award in the Asia-Pacific Advertising Festival (AdFest) and an Official Honouree distinction in the 13th Annual Webby Awards. Elements also won the Cityscape Asia Real Estate Award as Best Commercial / Retail Development. The "ELEMENTS Grand Opening" in Autumn 2007 and "ELEMENTS Flirting with Sound"

West Rail Line Property Development Plan

The Company acts as development agent for the West Rail property projects.

Station	Site Area (hectares)	Period of package tenders	Expected completion date
Tuen Mun	2.65	Aug 2006	By phases from 2012 – 2013
Nam Cheong	6.20	First half of 2010	Under review
Tsuen Wan West (TW5)	5.60	Under review	Under review
Tsuen Wan West (TW6)	1.39	Under review	Under review
Tsuen Wan West (TW7)	2.37	Sep 2008	2013
Yuen Long	3.47	Under review	Under review
Long Ping (North)	1.12	Under review	Under review
Long Ping (South)	1.49	Under review	Under review
Tin Shui Wai	3.48	Under review	Under review
Kam Sheung Road	9.85	Under review	Under review
Pat Heung Maintenance Centre	24.00	Under review	Under review
Kwai Fong	1.92	Under review	Under review
Total	63.54		

Property and Other Businesses

■ We continue to evaluate new shopping mall investment opportunities in the Mainland of China. ■

campaigns won two Gold Awards and Telford Plaza's "Sichuan Relief Programme" won the Silver Award in the Community Relations Category of the 2009 Asia Shopping Centres Awards organised by the International Council of Shopping Centres (ICSC). "MTR Malls – Total Quality Services Regime" also won the Best Practice in Customer Experience Management 2009 awarded by the Best Practice Management Group.

Ginza Mall in Beijing, our first shopping mall in Mainland China with 18,720 square metres of lettable floor area, continues to set new standards for service and quality in the retail sector in the capital city. Average rental increment on lease renewals and re-lettings rose 0.6% compared to 2008 and occupancy was close to 100%. Amongst the many awards and honours received in its second full year of operation was an Outstanding Contribution Award for the 60th National Anniversary Celebration sponsored

by the Beijing Dongcheng District People's Government Dongzhimen Jiedao Office. We continue to evaluate new shopping mall investment opportunities in the Mainland of China.

A number of attractive promotions were launched in our shopping malls to attract more shoppers. Elements introduced some of the most innovative and compelling tactical promotions in town including the exclusive presentation of the Sarah Brightman concert to Elements' shoppers, the XpressMusic Nokia phone redemption scheme, and "Christmas Rush 2009". Various promotion campaigns were launched across MTR Malls including "21st Century Dr. Slump Exhibition", featuring the classic popular characters Dr. Slump and his friends, at Maritime Square and Paradise Mall during summer, "The Bears' Palace" at Telford Plaza and "Sanrio 50th Anniversary Christmas Legend" at Maritime Square during Christmas.

New tenants in our shopping malls included world-renowned luxury brands Louis Vuitton and Hermès. Both opened for business at Elements in the last quarter in 2009 enhancing Elements' range of exclusive luxury offerings. Other new names that were brought into MTR Malls included ZARA, Bershka, Christian Dior cosmetics, SKII cosmetics, Jurlique, KOSÉ, Menard, Guess, Thomas Sabo, Clarks, Folli Follie, Artini, Adidas and Itacho Sushi.



24-hour surveillance provided by our property management team in IFC Control Centre.



The new Crystal Cabins of Ngong Ping 360 were met with enthusiastic responses.

Property Management

Property management revenue in 2009 was HK\$207 million, a slight decrease of 1.4% over 2008. During the year, 1,375 residential units were added to our property management portfolio from The Palazzo, 524 units from Le Bleu Deux, 2,096 units from The Capitol and 2,169 units from Lake Silver, bringing the total number of residential units under our management to 79,449 as at the end of December, whilst total commercial space under management was 742,414 square metres. Our managed property portfolio in the Mainland of China amounted to 973,254 square metres.

Other Businesses

Octopus

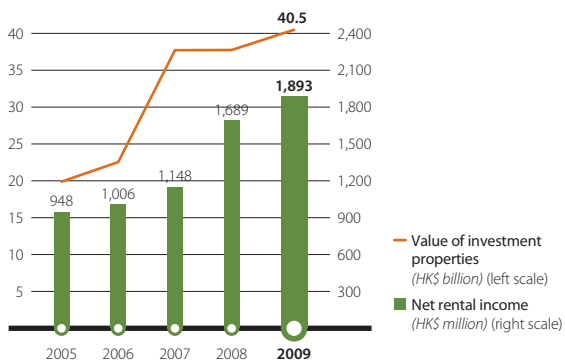
Octopus continued its expansion in the retail sector by recruiting more small-to medium-sized retail merchants and introducing new application solutions to provide greater convenience to consumers and businesses. By the end of December, there were over 3,000 service providers (including those serviced by Octopus-appointed acquirers) in Hong Kong that utilised Octopus payment service. Cards in circulation were 20.6 million and average daily transaction volume and value were 10.9 million and HK\$97.6 million respectively. The Company's share of Octopus' net profit for 2009 was HK\$149 million, a 9.6% increase from 2008 largely due to continued increases in non-transport retail payments.

Ngong Ping 360

The Ngong Ping cable car and associated theme village on Lantau Island generated HK\$173 million of revenue in 2009 with visitor numbers exceeding 1.4 million despite a challenging market. The number of Asian visitors, not including those from the Mainland of China, increased by 33.6% in 2009 as compared to 2008, and they were the key contributor to patronage growth. A series of vigorous promotion initiatives included Valentine's packages, Shaolin Kung Fu performances, a drum festival and the launch of Crystal Cabins, the world's first cable car cabins to be fitted with a full-width transparent floor. Awards received included "Best Creative Search Award – Outstanding" from Yahoo! Hong Kong Limited and the Prime Award for Corporate Social Responsibility sponsored by Prime magazine. In April, Ngong Ping's cable car operations department received ISO 9001:2008 certification.

Investment Properties

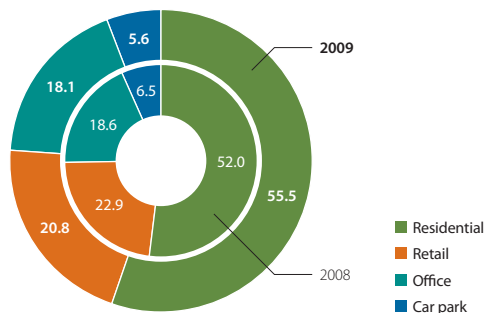
Rental income continued to grow despite subdued demand for office and rental space throughout 2009.



Distribution of Property Management Income

At the end of the year, the Company had 79,449 residential units and 742,414 sq.m. commercial properties under management in Hong Kong, and 973,254 sq.m. of managed GFA in Mainland China.

(Percentage)



Property and Other Businesses

Property Development Packages Awarded and to be Completed

Location	Developers	Type	Gross floor area (sq. m.)	No. of parking spaces	Period of package tenders	Expected completion date
Kowloon Station						
Package Five, Six and Seven (Elements, International Commerce Centre, The Cullinan, W Hong Kong, The Harbourview Place)	Sun Hung Kai Properties Ltd.	Retail	82,750		Awarded in September 2000	By phases from 2006 - 2010
		Office	231,778			
		Service apartment	72,472			
		Hotel	95,000			
		Residential	21,300			
		Kindergarten	1,045			
		Car park		1,683		
Tseung Kwan O Station						
Area 56	Sun Hung Kai Properties Ltd.	Residential	80,000		Awarded in February 2007	By phases from 2010-2011
		Hotel	58,130			
		Retail	20,000			
		Office	5,000			
		Car park		360		
LOHAS Park Station						
Package Two (Le Prestige)	Cheung Kong (Holdings) Ltd.	Residential	309,696		Awarded in January 2006	By phases from 2010-2013
		Kindergarten	800			
		Car park		905		
Package Three	Cheung Kong (Holdings) Ltd.	Residential	128,544		Awarded in November 2007	2012
		Kindergarten	1,000			
		Car park		350		
Tai Wai Maintenance Centre						
	Cheung Kong (Holdings) Ltd.	Residential	313,955		Awarded in April 2006	By phases from 2010 - 2011
		Car park		745		
Che Kung Temple Station						
	New World Development Co. Ltd.	Residential	89,792		Awarded in April 2008	2012
		Retail	193			
		Kindergarten	670			
		Car park		232		
Austin Station						
Sites C and D	New World Development Co. Ltd. and Wheelock Properties Limited	Residential	119,116		Awarded in March 2010	2014
		Car park		450		
Tuen Mun Station[#]						
	Sun Hung Kai Properties Ltd.	Residential	119,512		Awarded in August 2006	By phases from 2012 - 2013
		Retail	25,000			
		Car park		349		
Tsuen Wan West Station TW7[#]						
	Cheung Kong (Holdings) Ltd.	Residential	113,064		Awarded in September 2008	2013
		Car park		444		

as development agent for the Government of HKSAR

■ Property Development Packages to be Awarded Notes 1 and 2

Location	No. of packages envisaged	Type	Gross floor area (sq. m.)	Expected no. of parking spaces	Period of package tenders	Expected completion date
LOHAS Park Station	6 – 10	Residential	1,025,220 – 1,035,220	3,303 (max)	2010-2015	2019
		Retail	39,500 – 49,500			
		Car park				
Tai Wai Station	1 – 2	Residential	190,480	801	Under review	Under review
		Retail	62,000			
		Car park				
Tin Shui Wai Light Rail Terminus	1	Residential	91,051	267	Under review	Under review
		Retail	205			
		Car park				

Notes:

1. Property development packages for which we are acting as development agent for the Government of HKSAR are not included.
2. These property development packages are subject to review in accordance with planning approval, land grant conditions and completion of statutory processes.



Lake Silver rises above Wu Kai Sha Station.

Property and Other Businesses

■ Investment Property Portfolio in Hong Kong (as at 31 December 2009)

Location	Type	Lettable floor area (sq. m)	No. of parking spaces	Company's ownership interest
Telford Plaza I, Kowloon Bay, Kowloon	Shopping centre	39,470	–	100%
	Car park	–	993	100%
Telford Plaza II, Kowloon Bay, Kowloon	Shopping centre	19,434	–	50%
	Car park	–	136	50%
Luk Yeung Galleria, Tsuen Wan, New Territories	Shopping centre	11,224	–	100%
	Car park	–	651	100%
Paradise Mall, Heng Fa Chuen, Hong Kong	Shopping centre	18,772	–	100%
	Wet market	1,216	–	100%
	Car park	–	415	100%
Maritime Square, Tsing Yi	Shopping centre	28,844	–	100%
	Kindergarten	920	–	100%
	Car park	–	220	100%
	Motorcycle park	–	50	100%
The Lane, Hang Hau	Shopping centre	2,645	–	100%
	Car park	–	16	100%
	Motorcycle park	–	1	100%
The Edge, Tseung Kwan O	Shopping centre	7,640	–	70%
	Car park	–	50	70%
G/F, No. 308 Nathan Road, Kowloon	Shop unit	70	–	100%
G/F, No. 783 Nathan Road, Kowloon	Shop unit	36	–	100%
New Kwai Fong Gardens, Kwai Chung, New Territories	Kindergarten	540	–	100%
	Car park	–	126	100%
International Finance Centre (IFC), Central, Hong Kong				
– Two IFC	Office	39,373	–	100%
– One and Two IFC	Car park	–	1,308	51%
Phase I, Carpark Building, Kornhill, Quarry Bay, Hong Kong	Car park	–	292	100%
Roof Advertising Signboard, Admiralty Centre, No. 18 Harcourt Road, Hong Kong	Advertising signboard	–	–	100%
Ten Shop Units, First Floor Podium, Admiralty Centre, No. 18 Harcourt Road, Hong Kong	Shop unit	286	–	50%
Olympian City One, Tai Kok Tsui, Kowloon	Indoor sports hall	13,219	–	100%
Olympian City Two, Tai Kok Tsui, Kowloon	Shop unit	1,252	–	100%
Choi Hung Park & Ride Public Car Park, No. 8 Clear Water Bay Road, Choi Hung, Kowloon	Car park	–	54	51%
	Motorcycle park	–	10	51%
	Park & ride	–	450	51%
Elements, No. 1 Austin Road West, Kowloon	Shopping centre (Phase 1&2)	41,943	–	81%
	Car park	–	898	81%
Cross Border Coach Terminus, No. 1 Austin Road West, Kowloon	Coach terminus	5,113	–	100%
Kindergarten, No. 1 Austin Road West, Kowloon	Kindergarten	1,045	–	81%
Plaza Ascot, Fo Tan	Shopping centre	7,463	–	100%
Royal Ascot, Fo Tan	Residential	2,784	–	100%
	Car park	–	20	100%
Ocean Walk, Tuen Mun	Shopping centre	6,109	–	100%
	Car park	–	32	100%
Sun Tuen Mun Shopping Centre, Tuen Mun	Shopping centre	9,039	–	100%
	Car park	–	421	100%
Hanford Plaza, Tuen Mun	Shopping centre	1,950	–	100%
	Car park	–	22	100%
Retail Floor and 1-6/F., Citylink Plaza, Sha Tin	Shopping centre	12,038	–	100%
Portion of G/F and portion of 1/F, MTR Hung Hom Building, Hung Hom	Office	1,686	–	100%
The Capitol, LOHAS Park*	Shop Unit	397	–	100%

* At The Capitol, there is also a Residential Care Home for the Elderly having a gross floor area of 3,100 square metres classified as investment property under construction.

■ Investment Property Portfolio in Hong Kong (as at 31 December 2009) (continued)

All Properties are held by the Company and its subsidiaries under Government Leases for over 50 years except for:

- Telford Plaza I and II, Luk Yeung Galleria, Maritime Square, New Kwai Fong Gardens, IFC, Olympian City, Elements, Cross Border Coach Terminus and Kindergarten at No. 1 Austin Road West, Plaza Ascot, Royal Ascot, Ocean Walk, Sun Tuen Mun Shopping Centre and Hanford Plaza where the Government Leases expire on 30 June 2047
- Choi Hung Park & Ride where the Government Lease expires on 11 November 2051
- The Lane where the Government Lease expires on 21 October 2052
- The Edge where the Government Lease expires on 27 March 2052
- Citylink Plaza and MTR Hung Hom Building where the Government Leases expire on 1 December 2057
- The Capitol where the Government Lease expires on 16 May 2052

■ Properties held for sale (as at 31 December 2009)

Location	Type	Gross floor area (sq.m.)	No.of parking spaces	Company's ownership interest
Island Harbourview, No. 11 Hoi Fai Road, Kowloon	Car park	–	579	40%
Olympian City One, No. 11 Hoi Fai Road, Kowloon	Shopping centre	6,042*	–	40%
	Car park	–	330	40%
Bank of China Centre, No. 11 Hoi Fai Road, Kowloon	Car park	–	117	40%
The Arch, No. 1 Austin Road West, Kowloon	Residential	857	–	38.5%
	Car park	–	15	38.5%
Residence Oasis, No. 15 Pui Shing Road, Hang Hau, Tseung Kwan O	Car park	–	172	71%
	Motorcycle park	–	18	71%
The Grandiose, No. 9 Tong Chun Street, Tseung Kwan O	Car park	–	101	70%
	Motorcycle park	–	25	70%
Metro Town, No. 8 King Ling Road, Tseung Kwan O	Motorcycle park	–	15	72%
Central Heights, No. 9 Tong Tak Street, Tseung Kwan O	Car park	–	3	100%
Harbour Green, No. 8 Sham Mong Road, Kowloon	Residential	973	–	35%
	Car park	–	68	35%
	Kindergarten	1,299	–	50%
Caribbean Coast, No. 1 Kin Tung Road, Tung Chung	Car park	–	133	20%
Coastal Skyline, No. 12 Tung Chung Waterfront Road, Tung Chung	Residential	117	–	20%
	Car park	–	146	20%
The Capitol, LOHAS Park, Tseung Kwan O	Car park	–	18	84.05%
The Palazzo, No. 28 Lok King Street, Shatin	Residential	34,644	–	55%
	Retail	2,000	–	55%
	Car park	–	239	55%
	Motorcycle park	–	15	55%
Lake Silver, No. 599, Sai Sha Road, Shatin	Residential	25,709	–	93%
	Retail	3,000	–	93%
	Kindergarten	1,000	–	93%
	Car park	–	309	93%
	Motorcycle park	–	36	93%

* Lettable floor area

■ Managed properties in Hong Kong (as at 31 December 2009)

Number of managed residential flats	79,449 units
Area of managed commercial and office space	742,414 sq.m.