

I would like to present the results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2010 (the "Year") to the shareholders of the Company.

RESULTS

Loss attributable to owners of the Company for the Year was HK\$8,858.2 million as compared to profit of HK\$10,023.4 million (restated) for last year. The loss for the Year was mainly due to the fair value loss on investment properties. Loss per share was HK\$4.60 (year ended 31st December, 2009: earnings per share of HK\$5.02 (restated)).

If the net loss on the major non-cash items of HK\$10,748.9 million (year ended 31st December, 2009: gain of HK\$8,606.1 million (restated)) are excluded, the Group will have a core profit attributable to owners of the Company for the Year of HK\$1,890.7 million (year ended 31st December, 2009: HK\$1,417.3 million) and a core earnings per share of HK98.2 cents (year ended 31st December, 2009: HK71.0 cents), an increase of 33.4% and 38.3% over 2009 respectively.

DIVIDENDS AND SHARE REPURCHASE

In September 2010, the Company had paid a special dividend of HK40 cents per share or approximately HK\$763.0 million to shareholders, which represents 40.7% of the core profit for the Year of HK98.2 cents per share or approximately HK\$1,890.7 million. As such, the Board of Directors of the Company (the "Board") considers that proposal for final dividend for the Year is not required. However, in order to maintain a continuous dividend payment record, the Board has recommended the payment of a nominal final dividend of HK1 cent per share for the Year (the "Final Dividend") (2009: HK1 cent).

During the Year, the Company has allocated an aggregate cash amount of approximately HK\$1,317.1 million (2009: HK\$2,740.5 million) (or HK68.8 cents per share (2009: HK138.8 cents)) which would be paid to shareholders. Out of such sum, (i) an amount of approximately HK\$763.0 million (2009: HK\$1,228.5 million) (or HK40 cents per share (2009: HK63 cents)) had been applied for the payment of special dividend; (ii) an amount of approximately HK\$19.1 million (2009: HK\$19.5 million) (or HK1 cent per share (2009: HK1 cent)) would be applied for the payment of Final Dividend; (iii) an amount of approximately HK\$535.0 million (2009: HK\$1,453.3 million) (or HK27.8 cents per share (2009: HK72.8 cents)) had been utilized for the repurchase of the Company's shares; and (iv) no interim dividend had been declared during the Year (2009: HK\$39.2 million or HK2 cents per share). With such a total cash sum of HK68.8 cents per share (2009: HK138.8 cents) and a core profit of HK98.2 cents per share (2009: HK71.0 cents), a ratio of 70% (2009: 195%) is recorded, which is summarized as follows:-

本人謹此向本公司之股東呈報本公司及其附屬公司(「本集團」)截至二零一零年十二月三十一日止年度(「本年度」)之業績。

業績

本年度本公司擁有人的應佔虧損為8,858,200,000港元，而相比去年溢利為10,023,400,000港元(重列)。本年度的虧損主要來自投資物業的公平值變動虧損。每股虧損為4.60港元(截至二零零九年十二月三十一日止年度：每股盈利為5.02港元(重列))。

如撇除主要非現金項目虧損淨額10,748,900,000港元(截至二零零九年十二月三十一日止年度：收益8,606,100,000港元(重列))，本集團於本年度錄得本公司擁有人的應佔核心溢利將為1,890,700,000港元(截至二零零九年十二月三十一日止年度：1,417,300,000港元)，而每股核心盈利將為98.2港仙(截至二零零九年十二月三十一日止年度：71.0港仙)，分別較二零零九年增加33.4%及38.3%。

股息及股份回購

於二零一零年九月，本公司已派付每股40港仙或約763,000,000港元之特別股息予股東，相當於本年度核心溢利每股98.2港仙或約1,890,700,000港元之40.7%。因此，本公司董事會(「董事會」)認為本年度沒有需要建議派發末期股息。然而，為保持持續派付股息之記錄，董事會建議派發本年度之象徵性末期股息每股1港仙(「末期股息」)(二零零九年：1港仙)。

於本年度內，本公司已分配現金總額達約1,317,100,000港元(二零零九年：2,740,500,000港元)(或每股68.8港仙(二零零九年：138.8港仙))並將派發予股東。該總額當中包括(i)合共約763,000,000港元(二零零九年：1,228,500,000港元)(或每股40港仙(二零零九年：63港仙))已派發作特別股息；(ii)合共約19,100,000港元(二零零九年：19,500,000港元)(或每股1港仙(二零零九年：1港仙))則將會用作派付末期股息；(iii)合共約535,000,000港元(二零零九年：1,453,300,000港元)(或每股27.8港仙(二零零九年：72.8港仙))已用作回購本公司股份；及(iv)於本年度內並沒有宣派中期股息(二零零九年：39,200,000港元或每股2港仙)。根據該現金總額每股68.8港仙(二零零九年：138.8港仙)以及核心溢利每股98.2港仙(二零零九年：71.0港仙)，錄得比率為70%(二零零九年：195%)，並概述如下：-

DIVIDENDS AND SHARE REPURCHASE (Cont'd)

股息及股份回購(續)

		For the year ended	
		31st December,	
		截至十二月三十一日止年度	
		2010	2009
Core profit (HK\$m)	核心溢利(百萬港元)	1,890.7	1,417.3
Share repurchase (HK\$m)	股份回購(百萬港元)	535.0	1,453.3
Interim Dividend (HK\$m)	中期股息(百萬港元)	-	39.2
Special Dividend (HK\$m)	特別股息(百萬港元)	763.0	1,228.5
Final Dividend (HK\$m)	末期股息(百萬港元)	19.1	19.5
On a share basis	以每股計		
Core profit (HK cents)	核心溢利(港仙)	98.2	71.0
Share repurchase (HK cents)	股份回購(港仙)	27.8	72.8
Interim Dividend (HK cents)	中期股息(港仙)	-	2.0
Special Dividend (HK cents)	特別股息(港仙)	40.0	63.0
Final Dividend (HK cent)	末期股息(港仙)	1.0	1.0
Interim, Special and Final Dividends (HK cents)	中期、特別及末期股息(港仙)	41.0	66.0
As a percentage of core profit	相當於核心溢利之百分比	42%	93%
Share repurchase, Interim, Special and Final Dividends (HK cents)	股份回購、中期、特別及末期股息(港仙)	68.8	138.8
As a percentage of core profit	相當於核心溢利之百分比	70%	195%

Approval of Dividend by Shareholders and Expected Timeframe**股東批准派息及預期之時間表**

Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 26th May, 2011, the dividend warrants will be posted on or about 8th June, 2011 to shareholders whose names appear on the register of members of the Company on 26th May, 2011.

待股東於本公司之應屆股東週年大會上(將於二零一一年五月二十六日舉行)批准後,股息單將於二零一一年六月八日或前後寄予於二零一一年五月二十六日名列本公司股東名冊之股東。

CLOSURE OF REGISTER OF MEMBERS**暫停辦理股東登記手續**

The register of members will be closed from 23rd May, 2011 to 26th May, 2011, both days inclusive. In order to qualify for the recommended Final Dividend and for the purpose of ascertaining the members' entitlement to the attendance of the forthcoming annual general meeting of the Company, all share transfers documents accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar and Transfer Office in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 20th May, 2011.

本公司將自二零一一年五月二十三日起至二零一一年五月二十六日止(包括首尾兩天)暫停辦理股東登記手續。為符合獲派建議末期股息的資格,以及為確定股東出席本公司應屆股東週年大會的資格,所有股份過戶文件連同有關股票必須於二零一一年五月二十日下午四時三十分前送達本公司於香港之過戶登記分處香港中央證券登記有限公司,地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室。

BUSINESS REVIEW

Hong Kong Property Investment

Rentals from investment properties continued to be one of the major sources of our income. The overall occupancy rate of the Group's retail portfolio was 88.11% during the Year excluding the renovation area of Windsor House and Silvercord. The occupancy rate achieved 90.12% if non-core properties are excluded. The satisfactory occupancy rate is attributable to the prime locations of the majority of the Group's retail properties.

The Group's overall gross rental growth was 11.17% with rental income of HK\$1,126.3 million for the Year as compared with last year. The rental income from Hong Kong retail portion showed an upward momentum with 18.96% growth while the non-retail portion maintained stable performance. The increase in gross rental income is mainly attributable to the completion of Windsor House's renovation works in May 2010 and the opening of The ONE in October 2010. Retail rents were generally raised due to the increase in tenants' business turnover benefited from the continuous growth of Mainland China tourists' spending and the improved local consumption.

During the Year, the Group has disposed the retail shops of Excelsior Plaza (include Laforet), Southorn Centre (also known as Wanchai Computer Centre) and York Place.

The average occupancy rate of the shops of Causeway Place was approximately 95.38% during the Year.

The renovation works of Windsor House were completed in May 2010. The enhancement includes reconfiguration of the mall layout from basement level to 7th level to provide greater varieties of prime retail shops and specialty restaurants, addition of atrium void and introduction of skylight to provide a high-end shopping environment. The overall rental income of Windsor House was raised 7.43% for the Year as compared with last year due to the revamped Windsor House provides shoppers a cozy shopping environment with a diversified trade mix. As at 31st December, 2010, its occupancy rate was approximately 91.66% excluding renovation area.

業務回顧

香港物業投資

投資物業之租金仍然是本集團之主要收入來源之一。本集團之零售物業組合於本年度內之整體出租率為88.11% (不包括皇室大廈及新港中心之翻新範圍)。倘撇除非核心物業，出租率則達90.12%。出租率令人滿意與本集團大部分零售物業位於優質地段有關。

本集團於本年度之整體租金總額較去年增長11.17%，租金收入為1,126,300,000港元。香港零售部分之租金收入表現向好，增長18.96%，而非零售部分之表現則維持平穩。租金收入總額增加主要由於皇室大廈之翻新工程於二零一零年五月完成及The ONE於二零一零年十月開幕所致。受惠於內地訪港旅客消費不斷增長及本地消費增加，租戶之營業額上升，令本集團之零售租金普遍上揚。

於本年度內，本集團出售怡東商場 (包括東角Laforet)、修頓中心 (亦即灣仔電腦城) 及York Place之零售商舖。

於本年度內，銅鑼灣地帶之商舖之平均出租率約為95.38%。

皇室大廈之翻新工程已於二零一零年五月竣工。改良工程包括重新配置地庫至七樓商場之設計，以提供更多不同類型之優質零售商舖和特色食肆、構建一個中庭空間及天幕佈置，以營造一個高級的購物環境。皇室大廈經翻新後為購物人士提供更舒適的購物環境及具多元化的商戶組合，帶動其整體租金收入較去年上升7.43%。於二零一零年十二月三十一日，其出租率約為91.66% (不包括翻新範圍)。

BUSINESS REVIEW (Cont'd)

Hong Kong Property Investment (Cont'd)

As for Silvercord, the overall rental income was raised 10.04% for the Year as compared with last year and its average occupancy rate was approximately 93.94% during the Year excluding renovation area. The rental income, occupancy rate, tenant mix and traffic flow of Silvercord have been enhanced after its renovation and repackaging in 2007. In order to further refine the configuration of the retail shops and restaurants at basement to third floor, improvement works have been carried out from August 2010 to February 2011.

The ONE has been grand opened on 29th October, 2010 subsequent to the completion of redevelopment of the former Tung Ying Building in July 2010. It is a 29-storey integrated shopping, entertainment and food and beverage complex with more than 400,000 square feet of retail spaces. At present, The ONE is the tallest retail complex of its kind in Hong Kong and is one of the landmark shopping arcades in Tsim Sha Tsui. Around 95.17% of shops were leased out as of 31st December, 2010 with some of them are well-known brand names.

The occupancy rate for the Group's office properties maintained at a satisfactory level. During the Year, the average occupancy rates of Windsor House, MassMutual Tower and Harcourt House were approximately 85.86%, 97.35% and 83.64% respectively, bringing the approximate occupancy rate of the overall office portfolio to 89.21%.

Hong Kong Property Development

In general, the Group's development projects have been progressing satisfactorily and the sales have been achieving pleasing results.

York Place is a high-end residential tower located in prime area of Wanchai, having 94 units with flat size ranging from gross floor area of approximately 576 square feet to 2,037 square feet. As at 31st December, 2010, 90 units were sold, representing 95.74% of total units.

i-home is a joint venture project with the Urban Renewal Authority located in Tai Kok Tsui. It provides a single residential tower block comprises 182 units with flat size ranging from gross floor area of approximately 462 square feet to 1,182 square feet. As at 31st December, 2010, 181 units were sold, representing 99.45% of total units.

MOD 595 is another joint venture project with the Urban Renewal Authority located in Mongkok. It provides a single residential tower block comprises 85 units with flat size ranging from gross floor area of approximately 483 square feet to 1,188 square feet. 98.82% of total units (i.e. 1 unit remaining) were sold up to 31st December, 2010.

業務回顧 (續)

香港物業投資 (續)

新港中心之整體租金收入較去年上升10.04%，於本年度內之平均出租率則約為93.94%（不包括翻新範圍）。新港中心於二零零七年完成翻新及重新包裝後，其租金收入、出租率、租戶組合及人流均獲提升及改善。為進一步優化地庫至三樓之零售商舖和食肆配置，改善工程已於二零一零年八月至二零一一年二月期間進行。

隨著前東英大廈之重建工程於二零一零年七月完成，The ONE已於二零一零年十月二十九日隆重開幕。The ONE為一幢樓高29層的綜合商場，集購物、娛樂及飲食於一身，零售面積超過400,000平方呎。The ONE目前為香港最高之同類型綜合商場，並為尖沙咀其中一處地標性購物商場。於二零一零年十二月三十一日，約95.17%之商舖已獲承租，當中不乏知名品牌。

本集團辦公室物業之出租率維持於令人滿意之水平。於本年度內，皇室大廈、美國萬通大廈及夏慤大廈之平均出租率分別約為85.86%、97.35%及83.64%，使整體辦公室物業組合出租率達約89.21%。

香港物業發展

整體而言，本集團各個發展項目進展理想，銷售成績令人滿意。

York Place為一幢位處灣仔的高尚住宅大廈，擁有94個總樓面面積約介乎576平方呎至2,037平方呎不等之單位。於二零一零年十二月三十一日，已售出90個單位，佔單位總數之95.74%。

i-home為一個與市區重建局進行之合資項目，位於大角咀，為一座單幢式住宅大廈，提供合共182個單位，單位總樓面面積約介乎462平方呎至1,182平方呎不等。於二零一零年十二月三十一日，已售出181個單位，佔單位總數之99.45%。

MOD 595為另一個與市區重建局進行之合資項目，位於旺角，為一座單幢式住宅大廈，提供合共85個單位，單位總樓面面積約介乎483平方呎至1,188平方呎不等。截至二零一零年十二月三十一日止，共售出98.82%的單位（餘下1個未售出單位）。

BUSINESS REVIEW (Cont'd)

Hong Kong Property Development (Cont'd)

Sun Fair Mansions, 12 Shiu Fai Terrace, located in Mid-Levels East, is a traditional prestigious location for luxury residential project in Hong Kong. A luxury residential tower which provides a total residential gross floor area of around 41,020 square feet will be redeveloped. Site formation work is in progress. Completion of the project is re-scheduled to mid 2013 and its launching is scheduled for the first quarter of 2012.

The Zenith (87.5% interest) is a two-phase redevelopment project at Tai Yuen Street, Wanchai undertaken with the Urban Renewal Authority. All residential units of Phase I were sold. Phase II will be a residential/commercial complex development with total gross floor area of approximately 159,700 square feet, provides in aggregate 237 residential units and retail properties. Redevelopment work with preservation of the core elements of Wanchai Market and superstructure work are in progress. Completion of Phase II is scheduled for end 2012 and it is expected to be launched in 2011.

No. 55 Conduit Road (70% interest), a residential site in Mid-Levels with site area of about 36,000 square feet which provides a total residential gross floor area of around 87,800 square feet. This site will be developed into a luxury residential project. The first phase of the site formation work has been completed. Piling works and the associated substructure works are in progress. The project is expected to be launched in the third quarter of 2012.

The Hermitage (25% interest), is one of the Group's joint venture development projects in West Kowloon Reclamation Area. Its interior fitting work is in progress. The Hermitage will comprise 6 residential tower blocks, which provides in aggregate 964 residential units and retail properties with a total gross floor area of around 1,095,980 square feet. Completion of the whole project is re-scheduled to early 2011. Since its launch commenced in June 2010, 915 units were presold up to 31st December, 2010, representing 94.92% of total units.

Another West Kowloon – joint venture development project is located at the junction of Hoi Wang Road, Yan Cheung Road and Yau Cheung Road (15% interest). Its superstructure work is in progress. 6 residential tower blocks, which provide in aggregate 740 residential units and retail properties with a total gross floor area of around 650,600 square feet, will be developed. Completion of the whole project is re-scheduled to mid 2012. Its launching is scheduled for the first half of 2011.

業務回顧 (續)

香港物業發展 (續)

肇輝臺12號新輝大廈為位於東半山區的豪華住宅項目，該地段屬香港傳統豪宅項目之優越位置。該項目將重建為一座高尚住宅大廈，可提供總住宅樓面面積合共約41,020平方呎。現正進行地盤平整工程。該項目重訂於二零一三年年中竣工，並計劃於二零一二年第一季推出。

尚翹峰(佔87.5%權益)為一個與市區重建局合作位於灣仔太原街合共兩期之重建項目。第一期項目之所有住宅單位經已售出。第二期將會發展為一個住宅/商業綜合項目，總樓面面積合共約159,700平方呎，提供合共237個住宅單位及零售商舖。其保留灣仔街市核心部分之重建工程及上蓋工程正在進行中。第二期項目預計於二零一二年年底竣工，並預期於二零一一年推出。

干德道55號(佔70%權益)為位於中半山的住宅地盤，地盤面積約為36,000平方呎，提供總住宅樓面面積合共約87,800平方呎。該地盤將發展為豪華住宅項目。首階段之地盤平整工程經已完成，現正進行打樁及相關地基工程。該項目預期將於二零一二年第三季推出。

帝峯•皇殿(佔25%權益)為本集團其中一個位於西九龍填海區的合營發展項目，目前正進行室內裝修工程。帝峯•皇殿將由6座住宅大廈組成，提供合共964個住宅單位及零售商舖，總樓面面積合共約1,095,980平方呎。整個項目重訂於二零一一年年初竣工。自二零一零年六月推售以來，截至二零一零年十二月三十一日止已預售915個單位，相當於單位總數之94.92%。

本集團另一個西九龍合營發展項目位於海泓道、欣翔道及友翔道交界(佔15%權益)，現正進行上蓋建築工程。該項目將發展為6座住宅大廈，提供合共740個住宅單位及零售商舖，總樓面面積合共約650,600平方呎。整個項目重訂於二零一二年年中竣工，並計劃於二零一一年上半年推出。

BUSINESS REVIEW (Cont'd)

Macau Property Development

The Group is planned to develop the site at Avenida Wai Long, Taipa, Macau (70.01% interest) into a high-end residential project with a total residential gross floor area of approximately 5,786,296 square feet (excluding car park area and outdoor facilities area). It will comprise 26 residential tower blocks and will be developed in phases. Phase I development is being implemented and its site formation work commenced in May 2010. The launching of Phase I development is scheduled for the second quarter of 2011.

Mainland China Property Investment

The average occupancy rate of the 79 retail outlets with a total area of around 29,000 square feet in Lowu Commercial Plaza, Shenzhen was approximately 98.14% for the Year.

Evergo Tower, located at Central Huaihai Road in Shanghai, is a 21-storey office and shopping complex and has a gross floor area of around 263,708 square feet. The average occupancy rates of the office and retail spaces for the Year were approximately 83% and 64.35% respectively.

Platinum (50% interest), a 20-storey Grade A office building located at Taicang Road of Luwan District in Shanghai, has a gross floor area of about 466,464 square feet. The occupancy rate as of 31st December, 2010 was approximately 97.87%. The Group's interest in Platinum had increased from 30% to 50% in June 2010.

Hilton Beijing (50% interest), having 503 rooms, average occupancy rate was approximately 72.43% for the Year.

Oriental Place (50% interest), a 10-storey office building next to Hilton Beijing, average occupancy rate was approximately 96.61% for the Year.

業務回顧 (續)

澳門物業發展

本集團計劃將位於澳門氹仔偉龍馬路之地盤(佔70.01%權益)發展為高級住宅項目，總住宅樓面面積約5,786,296平方呎(不包括停車場範圍及室外設施範圍)。該項目由26座住宅大廈組成，並分階段發展。第一期項目現已落實，其地盤平整工程亦已於二零一零年五月展開。第一期項目計劃於二零一一年第二季推出。

中國大陸物業投資

深圳市羅湖商業城79個零售商舖(面積合共約29,000平方呎)，於本年度之平均出租率約為98.14%。

愛美高大廈位於上海市淮海中路，為一幢樓高21層的辦公及商場綜合樓，建築面積約263,708平方呎。於本年度之辦公及商場面積之平均出租率，分別約為83%及64.35%。

新茂大廈(佔50%權益)，位於上海市盧灣區太倉路，為一幢樓高20層的甲級辦公樓，建築面積約466,464平方呎。於二零一零年十二月三十一日之出租率約為97.87%。於二零一零年六月，本集團於新茂大廈所佔之權益，由30%增至50%。

北京希爾頓酒店(佔50%權益)，設有503個客房，於本年度之平均入住率約為72.43%。

東方國際大廈(佔50%權益)，為北京希爾頓酒店側的一幢樓高10層辦公樓，於本年度之平均出租率約為96.61%。

BUSINESS REVIEW (Cont'd)

Mainland China Property Development

Splendid City, a residential and commercial project located at Yingbin Road of Jinniu District in Chengdu, has a site area of approximately 795,625 square feet and a corresponding gross floor area of approximately 3.74 million square feet. It will comprise 19 residential tower blocks with a commercial building and will be developed in two phases. Phase I of Splendid City will provide in aggregate 1,226 residential units with flat size ranging from gross floor area of approximately 854 square feet to 1,812 square feet and a commercial building with gross floor area of approximately 272,740 square feet. Phase I has been completed in November 2010 and the residential units have been handed over to individual purchasers. As at 31st December, 2010, 1,191 units of Phase I were sold, representing 97.15%. Phase II of Splendid City will provide in aggregate 1,625 residential units with flat size ranging from gross floor area of approximately 854 square feet to 1,812 square feet. It is under superstructure construction and expected to be completed in mid 2012.

The Metropolis is a residential project located at Dongda Street of Jinjiang District in Chengdu, with site area of approximately 194,411 square feet and corresponding gross floor area of approximately 1.65 million square feet. It will comprise 6 residential tower blocks and will be developed in phases. Phase I of The Metropolis will provide 572 units with flat size ranging from gross floor area of approximately 704 square feet to 2,692 square feet. It is under superstructure construction and expected to be completed in end 2012. Since its first sales launch of Phase I commenced in December 2010, 91 units (i.e. 15.91%) were presold up to 31st December, 2010.

Chinese Estates Plaza, a commercial and residential project at South Taisheng Road of Qingyang District in Chengdu, has a site area of about 404,267 square feet with a development scale of 3.2 million square feet. It will comprise a Grade A office building, a five stars hotel, a shopping centre and 4 residential tower blocks. Substructure construction works are in progress. Completion of the commercial and residential portions are scheduled for end 2013 and end 2014 respectively.

The commercial and residential project at Huaxinjie Street of Jiangbei District in Chongqing (25% interest), has a site area of around 2,207,546 square feet and a gross floor area of approximately 11.08 million square feet. The land was handed over on 15th July, 2010 and the project is at design stage. It will be developed in four phases and Phase I is expected to be completed in the fourth quarter of 2014.

業務回顧 (續)

中國大陸物業發展

華置•西錦城，為位於成都市金牛區迎賓大道的商住項目，地盤面積約795,625平方呎，建築面積約3,740,000平方呎。該項目將由19座住宅大廈及一幢商業大樓組成，並分兩期發展。華置•西錦城第一期將提供合共1,226個建築面積約介乎854平方呎至1,812平方呎不等之住宅單位，以及一幢建築面積約272,740平方呎之商業大樓。第一期項目已於二零一零年十一月竣工，住宅單位亦已交付予個別買家。於二零一零年十二月三十一日，第一期項目已售出1,191個單位，相當於97.15%。華置•西錦城第二期將提供合共1,625個建築面積約介乎854平方呎至1,812平方呎不等之住宅單位，現正進行上蓋建築工程，並預期於二零一二年年中竣工。

華置•都匯華庭，為位於成都市錦江區東大街的住宅項目，其地盤面積約194,411平方呎，建築面積約1,650,000平方呎。該項目將由6座住宅大廈組成，並分階段發展。華置•都匯華庭第一期將提供572個建築面積約介乎704平方呎至2,692平方呎不等之單位。現正進行上蓋建築工程，預期於二零一二年年底竣工。自第一期項目於二零一零年十二月首次推售後，截至二零一零年十二月三十一日止已預售91個單位(即15.91%)。

華置廣場，為位於成都市青羊區太升南路的商住項目，地盤面積約404,267平方呎，發展規模約3,200,000平方呎。該項目將由一幢甲級辦公樓、一座五星級酒店、一個購物中心及4座住宅大廈組成。現正進行下層結構建築工程。該項目之商業及住宅部分分別計劃於二零一三年年底及二零一四年年底竣工。

位於重慶市江北區華新街街道之商住項目(佔25%權益)，地盤面積約2,207,546平方呎，建築面積約11,080,000平方呎。該地塊已於二零一零年七月十五日交接，項目現正處於設計階段。該項目將分四期發展，第一期項目預期於二零一四年第四季竣工。

BUSINESS REVIEW (Cont'd)

Overseas Property Investment

Subsequent to the year end, the Group has acquired a Grade A freehold office building, namely River Court, located at 116-129 Fleet Street, Midtown, London, United Kingdom. River Court provides a total net internal area of approximately 431,324 square feet, together with certain car parking spaces. The office area is let to an international investment bank as part of its European headquarters and the retail unit at the ground floor and lower ground floor is let to a chemists retail company. Details of the acquisition have been included in "Events After the Reporting Period" below.

COMMUNITY RELATIONS

In order to enhance community relations, we had mobilized employees in our workplace to participating in the following community programmes, charitable activities and voluntary services, for helping the communities in need, suffering people and children with special needs during the Year:-

- HSBC SHARE-TO-CARE Volunteer Campaign and Territory-wide Flag Day of Agency for Volunteer Service
- Charity sale of raffle tickets and Flag Day of Heep Hong Society
- Qinghai Earthquake Relief and 8.12 Red Décor Day of Hong Kong Red Cross
- Pin Campaign "Sight for All 2010" of ORBIS Hong Kong
- Oxfam Rice Sale of Oxfam Hong Kong
- Flag Day of Society for Community Organization
- Love Teeth Day of The Community Chest
- "Skip-A-Meal" Campaign and Used Book Recycling Campaign of World Vision Hong Kong
- Earth Hour of World Wild Fund

The Company honoured by receiving the "Caring Company" logo in the fourth consecutive year, from The Hong Kong Council of Social Service, in recognition of our good corporate citizenship. The Group will continue to actively participate and support a variety of meaningful community activities.

In February 2011, the Group donated a sum of HK\$34 million to the Community Care Fund which is established to provide assistance to the underprivileged in the community. A further sum of HK\$33 million will be made in 2012 and 2013 respectively.

業務回顧 (續)

海外物業投資

於年結後，本集團收購一幢位於英國倫敦 Midtown Fleet Street 116-129號，名為「River Court」之永久業權甲級寫字樓。River Court提供總室內淨面積約431,324平方呎，連同若干泊車位。辦公區租予一家國際投資銀行，作為其歐洲總部之一部分，而地面層及地下層之零售單位，則租予一家藥業零售公司。收購事項之詳情已載於下述「報告期末後事項」一節內。

社會關係

為加強社會關係，本年度內，本集團團員旗下員工參與下列社區項目、慈善活動及義工服務，幫助社區內有需要或患病人士，以及需要特別照顧之兒童：-

- 義務工作發展局之滙豐愛心傳城義工大行動及全港賣旗籌款活動
- 協康會之慈善獎券義賣及賣旗日
- 香港紅十字會之青海地震賑災及8.12 Fun Fun「紅」日
- 香港奧比斯之「正視行動2010」襟章運動
- 樂施會之樂施米義賣大行動
- 香港社區組織協會之賣旗日
- 香港公益金之公益愛牙日
- 香港世界宣明會之「饑饉一餐」活動及舊書回收義賣大行動
- 世界自然基金會之地球一小時

本公司連續第四年獲香港社會服務聯會嘉許並頒發「商界展關懷」標誌，再次獲肯定其良好企業公民精神。本集團將繼續積極參與及支持各類有意義之社區活動。

關愛基金旨在向社會上貧苦人士提供援助。本集團於二零一一年二月，向關愛基金捐款34,000,000港元，並將於二零一二年及二零一三年各年，分別再捐款33,000,000港元。

INVESTOR RELATIONS

The Company is continuously committed to maintaining good communication with shareholders, investors and analysts in order to ensure their thorough understanding of the Group's strategies and business development, thereby enhancing transparency and investor relations.

The Company maintains a Company's website (www.chineseestates.com) to make the Company's information available on the internet, including the dissemination of statutory announcements and circulars etc., to facilitate its communication with shareholders and to provide important information to the investing public on corporate governance structure, policies and systems, profiles of the Directors and senior executives as well as terms of reference of Board committees.

The up-to-date information of the Group is available for public access on the Company's website. The Company encourages its shareholders to take advantage of the Company's website and welcomes suggestions from investors and shareholders, and invites them to share their views and suggestions by contacting the Investor Relations Department at investor.relations@chineseestates.com.

OTHER INFORMATION

Disposal of Subsidiaries and Assets

As announced on 18th May, 2010, the Group has on 17th May, 2010 entered into six sets conditional sale and purchase agreements (the "Agreements"), in relation to, inter alia, disposal of two shops of York Place and the Company's wholly-owned subsidiaries that hold retail shops of Excelsior Plaza (include Laforet) and Southorn Centre (also known as Wanchai Computer Centre) (the "Properties") to the companies wholly-owned by Mr. Joseph Lau, Luen-hung, the Chairman and Chief Executive Officer of the Company; and the subsequent provision of three-year after-sale free leasing agency and management services in relation to the Properties, at an aggregate consideration of approximately HK\$2,598.1 million (the "Transactions"). The Transactions constituted discloseable and connected transactions for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which are subject to the approval of the independent shareholders of the Company. The Transactions were subsequently approved by the independent shareholders of the Company at the special general meeting held on 7th July, 2010 and were completed in July and August 2010 respectively. The Transactions also constituted continuing connected transactions of the Company under the Listing Rules as it was provided in the Agreements that upon completion of the Transactions, property management agreements would be entered into between Perfect World Company Limited, the Company's wholly-owned subsidiary, with the then owners of the Properties (except York Place) regarding the provision of property management services to the Properties (except York Place). Details of the Transactions were set out in the circular of the Company dated 18th June, 2010.

投資者關係

本公司一貫致力與股東、投資者及分析員保持良好溝通，以確保彼等對本集團之策略及業務發展有透徹的理解，從而提高透明度及加強與投資者關係。

本公司設有公司網頁(www.chineseestates.com)，使股東可透過互聯網取得公司資料，包括法定公布及股東通函之發放等，加強與股東之溝通，並提供重要資料予公眾投資者了解企業管治架構、政策及制度、董事及高級行政人員簡介，以及董事委員會之職權範圍。

有關本集團之最新資訊，本公司會於公司網站作出相應更新以讓公眾人士查閱。本公司鼓勵其股東善用本公司網站及歡迎投資者及股東提出意見，並誠邀彼等聯絡投資者關係部，分享彼等之意見及建議。投資者關係部之電郵：investor.relations@chineseestates.com。

其他資料

出售附屬公司及資產

誠如二零一零年五月十八日公布，本集團於二零一零年五月十七日與由劉鑾雄先生(本公司之主席兼行政總裁)全資擁有之公司訂立六份有條件買賣協議(「該等協議」)，出售(其中包括)York Place兩個商舖及持有怡東商場(包括東角Laforet)及修頓中心(亦即灣仔電腦城)之零售商舖(「該等物業」)之全資擁有附屬公司，並於出售完成後就該等物業提供為期三年之免費租賃代理及管理售後服務，總代價約為2,598,100,000港元(「該等交易」)。根據上市規則，該等交易構成本公司之須予披露及關連交易，須待本公司獨立股東批准。該等交易其後已獲本公司獨立股東於二零一零年七月七日舉行之股東特別大會上批准，並分別於二零一零年七月及八月完成。根據上市規則，該等交易亦構成本公司之持續關連交易，因該等協議內訂明待該等交易完成後，忠信物業管理有限公司(本公司之全資擁有附屬公司)會就提供物業管理服務予該等物業(除York Place外)與該等物業(除York Place外)當時之擁有人訂立物業管理協議。有關該等交易之詳情已載列於本公司日期為二零一零年六月十八日之通函內。

OTHER INFORMATION (Cont'd)

Acquisition of Platinum

On 18th December, 2009, the Group entered into a sale and purchase agreement (the "SP Agreement") to acquire 3 non-voting shares in a joint venture (the "JV") (representing 30% of the issued share capital of the JV) at a consideration of HK\$23.40 from an independent third party, contracted to acquire indirectly the property interest in a Grade A office building in Shanghai, namely Platinum. The acquisition of Platinum has been completed on 1st April, 2010.

As announced on 30th June, 2010, the Group has on 29th June, 2010 exercised the call option under the SP Agreement to further acquire 2 non-voting shares ("Call Option Shares"), representing 20% of the issued share capital of the JV at a consideration of HK\$15.60 and therefore, as a result, the Group's interest in the JV and in turn Platinum has been increased from 30% to 50%. The aggregate pro-rata shareholder's loan and corporate guarantee provided by the Group to the JV as at 30th June, 2010 was approximately HK\$935 million.

The Group has also on 29th June, 2010 further exercised its conversion right to require the JV to redeem its 5 non-voting shares held and convert into 5 ordinary shares, subject to the passing of an ordinary resolution by the shareholders of the holding company of the JV partner (the "Conversion"). The Conversion has been approved on 20th August, 2010, and thus all the 5 non-voting shares held by the Group have been redeemed by the JV and converted into 5 ordinary shares on the even date.

Pursuant to the SP Agreement, the JV partner is entitled to exercise the put option granted under the SP Agreement to require the Group to purchase their 50% interest in the JV, i.e. 5 ordinary shares ("Put Option Shares"), during the period from 29th June, 2010, being the date of completion of the sale and purchase of Call Option Shares, to the expiry of 180 days thereafter. In the event that the JV partner exercised the said put option and upon the completion of the sale and purchase of the Put Option Shares, the JV will become a wholly-owned subsidiary of the Company and the Group will have 100% indirect interest in Platinum. Prior to the year end, the JV partner had confirmed that they have no intention to exercise the put option, and therefore the Group's interest in the JV and in turn Platinum remains unchanged at 50%.

其他資料(續)

收購新茂大廈

於二零零九年十二月十八日，本集團訂立一份買賣協議（「買賣協議」），從獨立第三方以代價23.40港元購入合營企業（「合營企業」）3股無投票權股份（相當於合營企業已發行股本之30%），間接收購一幢位於上海名為「新茂大廈」之甲級辦公樓之物業權益。新茂大廈之收購已於二零一零年四月一日完成。

誠如二零一零年六月三十日公布，本集團於二零一零年六月二十九日根據買賣協議行使認購期權，進一步購入2股無投票權股份（「認購期權股份」），代價為15.60港元，相當於合營企業已發行股本之20%。因此，本集團於合營企業（繼而新茂大廈）之權益遂由30%增加至50%。本集團向合營企業所提供之按比例計算股東貸款及公司擔保總額於二零一零年六月三十日約為935,000,000港元。

本集團亦於二零一零年六月二十九日進一步行使其轉換權以要求合營企業贖回本集團持有之5股無投票權股份，並將之轉換為5股普通股，惟須經合營企業夥伴之控股公司之股東通過有關普通決議案（「轉換權」）。轉換權已於二零一零年八月二十日獲批准，故合營企業亦於同日全數贖回本集團持有之5股無投票權股份，並轉換為5股普通股。

根據買賣協議，合營企業夥伴有權行使按買賣協議授予之認沽期權，於二零一零年六月二十九日（即買賣認購期權股份之完成日期）至其後180日期間，要求本集團購買合營企業夥伴於合營企業所佔之50%權益，即5股普通股（「認沽期權股份」）。倘若合營企業夥伴行使前述認沽期權，且完成認沽期權股份之買賣，合營企業將成為本公司之全資擁有附屬公司，而本集團將間接持有新茂大廈100%權益。於年結前，合營企業夥伴已確認無意行使其認沽期權，因此本集團於合營企業（繼而新茂大廈）所佔之權益不變，維持於50%。

EVENTS AFTER THE REPORTING PERIOD

Acquisition of River Court

As announced on 14th January, 2011, the Group has on 14th January, 2011 entered into a sale and purchase agreement with independent third parties to acquire the entire issued share capital in River Court Holdings Limited which indirectly held a Grade A freehold office building, namely River Court, situate at 116-129 Fleet Street, Midtown, London, United Kingdom, at a consideration consisted of payment in cash of GBP37,791,104, subject to adjustment, and the assumption of shareholders' loan of approximately GBP43,289,000 (equivalent to approximately HK\$465,260,000 and HK\$532,946,000 respectively as at the date of the announcement). The acquisition constituted a discloseable transaction of the Company under the Listing Rules. Completion of the acquisition took place on 14th January, 2011.

Subscription and Purchase of Bonds

As announced on 20th January, 2011, the Group has entered into a subscription agreement (the "Subscription") with a third party on 19th January, 2011, in relation to the subscription and purchase of the 8.5% senior secured guaranteed bonds due 2014 in the aggregate principal amount of RMB2 billion, to be settled in USD (which is equivalent to approximately US\$303 million). The Subscription was completed on 15th March, 2011.

Disposal of Tuen Mun Centre

On 7th February, 2011, the Group has disposed the commercial property at Tuen Mun Centre, New Territories to an independent third party at a consideration of HK\$80 million.

PROSPECTS

The global economic conditions have shown sound improvements in the second half of 2010, resulting from the launching of second round of quantitative easing by the United States of America, as well as the continued economic growth in the Mainland China which has taken the place of Japan and has become the world's second largest economy. The global economy is likely to maintain stable growth this year.

Benefited from both the continuous growth in Mainland China tourists' spending and improved local consumption, there are significant positive signs for the Group's retail rental income. The Group will constantly review the tenant mix of its retail properties in order to enhance rental income.

Since 2010, the Central Government has implemented policies to regulate the residential property market. The Group believes that, in the medium-to-long run, as the economy of Mainland China continues growing, its residential property market will remain optimistic.

報告期末後事項

收購River Court

誠如二零一一年一月十四日公布，本集團與獨立第三方於二零一一年一月十四日訂立買賣協議，收購River Court Holdings Limited全部已發行股本。River Court Holdings Limited間接持有位於英國倫敦Midtown Fleet Street 116-129號，名為「River Court」之永久業權甲級寫字樓。交易代價由現金37,791,104英鎊（須予以調整）及承擔股東貸款金額約43,289,000英鎊（於公布日期分別相當於約465,260,000港元及532,946,000港元）構成。根據上市規則，收購事項構成本公司一項須予披露交易。收購事項已於二零一一年一月十四日完成。

認購及購買債券

誠如二零一一年一月二十日公布，本集團與第三方於二零一一年一月十九日訂立認購協議（「該認購」），內容有關認購及購買於二零一四年到期之8.5厘優先有抵押擔保債券，本金總額為人民幣2,000,000,000元，以美元結算（相當於約303,000,000美元）。該認購已於二零一一年三月十五日完成。

出售屯門中心

於二零一一年二月七日，本集團以代價80,000,000港元出售位於新界之商用物業—屯門中心予獨立第三方。

展望

環球經濟在二零一零年下半年持續向好，主要受惠於美國推出第二輪量化寬鬆政策，及內地經濟持續增長並超越日本成為全球第二大經濟體系。預期今年環球經濟將維持平穩增長。

受惠於內地訪港旅客消費不斷上升及本地消費增加，相信對本集團的零售物業租金收入有顯著正面影響。集團將會不時檢討商戶組合以提升租金收入。

自二零一零年起，中央政府實施多項住宅物業市場調控政策。本集團相信在中長期而言，隨著國內經濟的增長，內地的住宅物業市場仍然樂觀。

PROSPECTS (Cont'd)

The demand for housing in Hong Kong will continue to be robust. The Group believes that the property market is likely to maintain healthy and stable growth in the next 12 months and is confident that the sales of our development projects will continue to perform well.

The Group will focus on its upcoming launch of its high-end residential project (Phase I) located at Avenida Wai Long, Taipa, Macau this year. Together with the sale of our Chengdu development projects, we are confident that the revenue in sale of properties will provide satisfactory contributions to the Group in the coming years.

Our Group has been monitoring the property markets of Hong Kong, Mainland China and overseas closely, and will replenish its land bank and expand its investment property portfolio at opportune times.

APPRECIATION

I would like to take this opportunity to express my gratitude to the shareholders for their continued support. I would also like to express my sincere thanks to my fellow directors and all staff members for their dedication and hard work.

Joseph Lau, Luen-hung

Chairman

Hong Kong, 23rd March, 2011

展望(續)

香港房屋需求仍然殷切。本集團相信未來十二個月的樓市仍會保持健康及平穩發展，並對其發展項目充滿信心。

本集團今年之重點項目為即將推售之澳門氹仔偉龍馬路高級住宅項目第一期。連同旗下的成都項目，集團相信物業銷售將會為本集團未來數年帶來可觀之收入。

本集團一向密切留意香港、內地及海外之物業市場，並將於適時增加其土地儲備及擴充其投資物業組合。

致謝

本人謹藉此機會對股東一直以來的鼎力支持與各位董事及全體員工的貢獻及竭誠工作表示謝意。

主席

劉鑾雄

香港，二零一一年三月二十三日