OVERVIEW

We are one of the leading developers, owners and operators of high quality properties in Hong Kong given our recognition as one of the "Top Ten Developers" in Hong Kong at the BCI Asia Awards 2012. We have a highly recognised brand, symbolising quality, innovation and excellence, and a well-established track record of over 40 years of creating shareholder value through developing projects in prime locations and in areas with high redevelopment and significant growth potential in Hong Kong. We have three main business segments:

- property investment, comprising property letting, agency and management;
- hotel, restaurant and catering operation, comprising hotel ownership and management, restaurant operations and food catering; and
- property development, comprising the development and/or sale of investment properties held for sale, property under development and project management.

COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths which allow us to compete effectively in the property markets in Hong Kong.

A property portfolio strategically located in prime locations and in areas with high redevelopment and significant growth potential

Our properties are strategically located in prime locations and in areas with high redevelopment and significant growth potential in Hong Kong, including Wan Chai, Kowloon East and Tsuen Wan. By leveraging our asset management and execution capabilities as well as our local knowledge of the districts where our properties are located, we have developed and are developing properties that promote and impact the development of the surrounding communities.

(a) Wan Chai

We have operated in Wan Chai for over 30 years and are one of the largest landlords in Wan Chai in terms of GFA with a comprehensive portfolio of properties clustered around the Company's flagship property, Hopewell Centre. We are well positioned to benefit from the growing popularity and the ongoing redevelopment of the area. In view of this, we have created and launched "The East" as a brand for a dining and entertainment community in Wan Chai in December 2007, which we expect to drive the redevelopment of Wan Chai and position our properties well with the evolving demographics of the area. We believe that "The East" brand will enhance our tenant mix and current position in Wan Chai, which encompasses our following existing and future properties (all of which are within close proximity to each other):

- Hopewell Centre
- QRE Plaza
- Wu Chung House (six retail shops and 80 car parking spaces only)
- GardenEast
- Hopewell Centre II (currently under development and which is expected to be completed by 2018)
- 200 Queen's Road East Project (a joint venture project currently under development and which is expected to be completed by 2015)

Wan Chai has become increasingly attractive to corporate tenants and over time has become a prime CBD due to its proximity to Central and Admiralty, which are the traditional CBDs of Hong Kong. The demand for quality office space in Central and Admiralty has surpassed the limited supply, thereby creating an increase in rental rates in these areas in recent years. This has resulted in a decentralisation trend whereby many corporate tenants are opting to relocate from Central and Admiralty to other areas, which creates a spill-over effect in adjacent areas such as Wan Chai, resulting in rising rental rates for office space in Wan Chai. Rental rates in Wan Chai has also exhibited resilience in the recent economic downturn given that, while rental rates have declined, the decline is much smaller than other areas in Hong Kong. According to the Savills Report, the gap in office rents between Central and Wan Chai is expected to continue to narrow.

At the same time, the Wan Chai area has become increasingly affluent. According to the Savills Report, residents in Wan Chai now have the highest income on average across all districts in Hong Kong. In recent years, there have been various private sector-driven and government-initiated redevelopment projects to revitalise the area, creating a cluster effect which we believe will continue to increase traffic to the area and attract more high-income residents. Our aim is for our completed and future investment properties to initiate transformational change in the Wan Chai area, turning it into a rejuvenated hub comprising of premium residential, office, hotel, serviced apartment and retail elements by 2018. We model such transformational initiatives in Wan Chai against a similar model adopted for Roppongi Hills in Tokyo, one of Japan’s largest integrated property developments.

(b) Kowloon East

We are one of the first property developers to have a large-scale multi-purpose commercial complex in the heart of the 488-hectare Kowloon East district, which comprises the Kai Tak Development Area and the former industrial areas of Kwun Tong and Kowloon Bay. Accordingly, we have enjoyed a first mover advantage in building up our brand recognition and operating experience in the area.

Our Kowloon Bay property, KITEC (and E-Max which is integrated within KITEC), will benefit from the large-scale development of the area. In October 2011, the Hong Kong Government announced its plans to transform Kowloon East into a new central business district in Hong Kong (branded as “CBD2”). It is estimated that there will be a total supply of office space in Kowloon East, which, once completed, will be twice the existing supply of office space in Central. Kowloon East is an emerging place and over the years has attracted multinational companies and other tenants from Hong Kong Island who are looking for affordable rents and availability of contiguous spaces.

In June 2012, the Hong Kong Government established the Energizing Kowloon East Office, a branch of the Development Bureau, to launch and implement various initiatives, including plans to relocate several government offices to the area, development of public and private housing units, construction of sports and tourism facilities and the enhancement of pedestrian access networks. Transportation links will also be improved by the current construction of the Shatin-Central Link MTR network extension project and the consideration of an environmentally friendly linkage system (otherwise known as EFLS) to be implemented throughout Kowloon East. A cruise terminal meeting international standards located at the site of the former Kai Tak airport is expected to commence operations in June 2013.

Furthermore, in January 2013, the Hong Kong Government proposed in its 2013 policy address to set up a recreational landmark, “Kai Tak Fantasy”, on the former runway tip of the Kai Tak Development Area, which can be turned into an “edutainment” destination reflecting Kai Tak’s unique aviation, maritime and transportation history. We believe that the synergy of these developments will create a cluster effect that will increase traffic flow to the Kowloon East district and therefore, increase demand for services and offerings at KITEC.

(c) Tsuen Wan

Our properties, Panda Hotel and Panda Place, have significant growth potential in light of their well-recognised reputation in the Tsuen Wan district. Given Tsuen Wan's relative proximity to mainland China and its convenient transportation links, being close to the Hong Kong International Airport and serviced by the Tsuen Wan, West Rail, Tung Chung and Airport Express MTR lines, Tsuen Wan is an attractive option for mainland Chinese and other Asian travellers who are looking for an affordable and convenient location to stay in Hong Kong. The area has also experienced a general increase in population since the completion of the Tsuen Wan Town Centre project by the URA in 2007, which has created a more vibrant environment and community. Accordingly, the number of visitors to Panda Place has been increasing steadily and the tenant mix has improved. Panda Hotel has also experienced a steady increase in average occupancy rates and room rates in recent years.

A distinct and integrated portfolio of stable income-generating properties

We have a distinct portfolio of properties in Hong Kong that includes office, retail, residential, convention and exhibition and hotel properties. Our strategic mix of properties allows us to generate steady rental income and includes the following:

(a) Complementary cluster of properties in Wan Chai

We own a combination of office and retail properties and serviced apartments that are located within close proximity in Wan Chai, which includes Hopewell Centre, QRE Plaza, our interests in Wu Chung House and GardenEast. The cluster effect of these properties creates an integrated community experience for the working population and residents in Wan Chai and nearby areas. We expect that the synergies created by the retail elements of our existing properties, together with our future projects such as Hopewell Centre II and the 200 Queen's Road East Project, in Wan Chai will further enhance our overall rental performance in the future.

(b) KITEC and E-Max in Kowloon Bay

KITEC and E-Max is an integrated high-quality and large-scale multi-purpose commercial complex with convention and exhibition space, performance venue capabilities, as well as office and retail space. E-Max is a popular venue for hosting a wide variety of events, including art and entertainment events. E-Max provides a comprehensive range of dining, entertainment and lifestyle options to visitors and tenants. The Star Hall at KITEC is a multi-purpose convention and exhibition venue that offers a seating capacity of between 3,000 and 3,600 for concerts and seminars and banquets of up to 160 tables in size. Given its capacity, Star Hall is highly popular for performances catering to such audience sizes.

(c) Panda Hotel and Panda Place in Tsuen Wan

Panda Hotel is a full-service hotel in Tsuen Wan which has a retail podium, Panda Place, that targets a younger clientele and also serves as a shopping stop for travellers. By proactively improving the tenant mix of our properties and carrying out various asset enhancement plans, we have been able to maintain high occupancy rates and achieve strong average growth in daily room rates and rental rates at Panda Hotel and Panda Place. For example, the average occupancy rate at Panda Hotel was approximately 84.3%, 89.5%, 89.9% and 93.6% in FY2010, FY2011, FY2012 and 1HFY2013, respectively, and the average daily room rate at Panda Hotel was approximately HK$426.0, HK$565.0, HK$700.0 and HK$752.0, respectively, during the same periods. Given the integrated structure of Panda Hotel and Panda Place, the synergy created by the complex draws customers and visitors and provides stable recurring income to the Company.

Effective and experienced asset management capabilities and sound financial management

Our effective and experienced asset management capabilities are characterised by a focus on asset enhancement, proactive lease management and capturing opportunities arising from market trends and for synergistic growth. We have historically enhanced the value of our property portfolio and attracted high-quality tenants through various asset enhancement and refurbishment works, such as our continued refurbishment of Panda Place and Hopewell Centre. One of our key operating strengths is derived from the proactive and high-level monitoring of our properties which allows us to plan and cater for the future expansion needs of our tenants who intend to take up larger office or retail space.

We also adopt a proactive approach in managing our tenant mix to continually optimise our property portfolio, maintain high occupancy rates and secure rental income in advance. The expected rental revenue for FY2013 in respect of the office portions of Hopewell Centre and KITEC, arising from tenancy and licence agreements in force as at 31 December 2012 (excluding the Group's tenancies for its own use), amount to approximately HK$193.7 million and HK$78.3 million, which represents approximately 108.3% and 111.4% of the relevant properties' rental revenue for FY2012, respectively. By monitoring and actively forecasting market trends, we have also achieved rental reversions on our properties and are well-positioned to benefit from the expected strong rental growth from the redevelopment and revitalisation of the areas where our properties are located. In addition, we use a proprietary LIS, which was developed in-house to effectively monitor and manage various aspects of our tenancies, including tenancy renewals and forecasts and cost control measures.

Our business operations and property development projects are well supported by income generated from operating activities and various forms of external financing which provide us with the flexibility to capture market opportunities as they arise. We manage our exposure to debt conservatively and have historically in recent years maintained relatively low leverage. As at 31 December 2012, our net debt-to-shareholders' equity ratio was approximately 17.0%.

Strong brand with visionary management and high standard of corporate governance

We have an established operating history of over 40 years during which time we have established a strong brand representing quality, innovation and excellence. Hopewell Centre, the first circular skyscraper in Hong Kong, is an iconic landmark in Hong Kong and has become synonymous with the Wan Chai district. It was the tallest building in Hong Kong from 1983 to 1989. Our portfolio of prominent and high quality properties in prime locations and in areas with high redevelopment and significant growth potential in Hong Kong and the "Hopewell" brand have made us a partner of choice for a diverse range of internationally reputable tenants, such as Rolls Royce, McLaren, Bayer and Principal Trust Company (Asia) Limited. We believe that the goodwill associated with our brand name instils consumer confidence. We were recognised as one of the "Top Ten Developers" in Hong Kong at the BCI Asia Awards 2012, which recognises the top developers in Hong Kong that had the greatest impact on the built environment.

Our management team has solid industry experience and strong execution capabilities. Our management team's ability to identify and act effectively on market opportunities with a pioneering vision provides us with a competitive edge to capture and capitalise on important market trends and market niches. Our investment and capital management processes are highly disciplined. We carefully review risks related to our asset enhancements and property developments to limit our exposure and aim to maximise returns.

We are also committed to a high standard of corporate governance and have received multiple awards for corporate governance, investor relations and social responsibility (including the "Best Investor Relations" and "Best Corporate Social Responsibilities" awards at the Asian Excellence Recognition Awards in 2011 and 2012, which were organised and awarded by Corporate Governance Asia). In addition, our managing Director, Mr. Thomas Jefferson WU, was awarded the "Director of the

Year Award" by the Hong Kong Institute of Directors in 2010 where he was cited by the panel of judges as being a "thoughtful, visionary and pragmatic leader with a good understanding of the Company's strengths and developmental needs". He was also named "Asia's Best CEO (Investor Relations) in Hong Kong" in 2012 and is a two-time award winner at the Asian Corporate Director Recognition Awards in 2011 and 2012, both of which were organised and awarded by Corporate Governance Asia.

We believe that our emphasis on branding, asset enhancement and strong management is key to maintaining the high quality of our properties and services throughout our projects, from conception to completion and to post-completion management. We conduct ongoing reviews of our property portfolio and implement strategic enhancement plans to create and optimise long-term value in our existing properties. For example, we have enhanced the value of Hopewell Centre, Panda Place and KITEC by refurbishing the premises, upgrading the properties' facilities and carrying out reconfiguration layouts to meet the demands of tenants as well as refining the tenant mix to bolster our assets' performance.

BUSINESS STRATEGIES

Continue to create shareholders value through development of projects in prime locations and in areas with high redevelopment and significant growth potential

We seek to create long-term value by integrating large-scale, mixed use and new projects with our existing cluster of properties into developments that will allow people to live, work, socialise and shop in close proximity. For example, we have strategically partnered with Sino Land to work with the URA in developing the 200 Queen's Road East Project, a high-end large-scale mixed-use project in Wan Chai, which will be one of the largest future residential projects on Hong Kong Island in terms of number of units. By integrating the 200 Queen's Road East Project and the Hopewell Centre II project with our existing property portfolio in Wan Chai, our aim is to increase traffic and pedestrian flow within the enlarged cluster of properties. We aim to bring vitality to the local community and highlight the surrounding area's distinctiveness by incorporating redevelopment, heritage conservation and green elements, which will enhance rental return. We believe that additional synergies will be realised from a diversified and balanced mix of office, retail, residential, hotel and serviced apartment together with an interconnecting pedestrian walkway, which will provide a continuous link via our properties from Kennedy Road to Wan Chai MTR station and Wan Chai North (which covers another major business district in Wan Chai).

In line with our belief in pioneering urban redevelopment, we believe that our current projects will revitalise and transform the districts where they are located, which will in turn further enhance the value of our property portfolio. Accordingly, we intend to continue to evaluate and acquire strategic sites or properties that we believe will further add value to, and complement, our existing property portfolio, and will enter into strategic partnerships to achieve these goals. Furthermore, we firmly believe in contributing to the local communities where we operate by proactively engaging and consulting various stakeholders such as local district councils and non-governmental organisations to further develop the local community network. Our vision is to become a leader in transforming the local communities where we operate, and we will ensure that our properties in development will continue to add value to our existing portfolio.

Maintain a well-planned pipeline of future strategic development and asset enhancement projects

We have a pipeline of new projects which we believe will generate synergies with our existing properties in Wan Chai and will further energise the area by bringing in new residents, workers and visitors. This includes the 200 Queen's Road East Project, a high-end large-scale mixed-use development project in Wan Chai, and the Hopewell Centre II project, which will include one of the largest hotels in Hong Kong (in terms of number of rooms) with comprehensive conference facilities. The 200 Queen's Road East Project is a landmark redevelopment project and will include approximately 1,300 residential units and a themed retail portion linked to Wan Chai MTR station. We expect that the Hopewell Centre II project will further increase traffic to the area with the construction of a 55-storey complex, which adjoins to Hopewell Centre and will include over 1,000 guest rooms coupled with convention, office and retail space. We believe there is market demand for a large-scale hotel with comprehensive conference facilities that has the capacity to accommodate large-size conference delegations at international premium standards. Both projects will be linked with our existing properties, Hopewell Centre and QRE Plaza, as well as the Wan Chai MTR station and have infrastructure access to the Hong Kong Convention and Exhibition Centre. Upon completion of the 200 Queen's Road East Project and Hopewell Centre II, our properties portfolio will become one of the largest retail clusters in Wan Chai CBD and on Hong Kong Island with an estimated GRA of approximately 640,000 sq. ft.

We have submitted an application to the Buildings Department for a planned major asset enhancement to transform the retail space of KITEC into an entertainment-driven commercial space with a multi-cinema complex and spacious layouts to attract a desirable mix of tenants. We are continuously identifying and evaluating other asset enhancement and development opportunities that will add synergistic value to our existing properties and further strengthen our investment properties portfolio to achieve long-term growth and profitability.

Proactive management and asset enhancement strategies to achieve sustainable growth

We are able to achieve sustainable growth and strengthen our brand through active management of our properties and a strong focus on service and quality. We are continuously optimising our retail and office tenant mix to achieve rental reversion and maintain high occupancy rates.

We will continue to upgrade our existing properties through enhancements such as facade renovations and refurbishments. We believe that the asset enhancements carried out on our existing properties enhance their marketability to tenants. For example, we are currently carrying out renovations on Panda Hotel to provide "premium" floors to cater to a growing demand for value-added services and features. The office and common areas of Hopewell Centre were also refurbished and there are plans to revamp its retail podium and facade. We believe this will strengthen our image as a premium property company in Hong Kong.

Continue to identify and capitalise on market opportunities to develop pioneering landmark properties

We will continue to leverage our extensive experience in the property industry to identify and capitalise on market opportunities to develop pioneering landmark properties. For example, we have identified the shortage of conference space and the limited supply of large-scale and high-end hotels in prime locations of Hong Kong, and have accordingly formulated our plan to develop the Hopewell Centre II conference hotel, which is strategically located in the CBD of Wan Chai. In addition, we recognised the lack of performance venues in Hong Kong and have introduced a "live-house" concert performance concept, which is well developed in countries like Japan and Taiwan, at E-Max to further enhance its entertainment elements. "Music Zone", a "live-house" designated venue for music events, was set up in July 2012 with an audience capacity of 500-600 persons. Unlike other venues within E-Max, "Music Zone" is equipped with a built-in stage, professional sound, lighting equipment and musical instruments.

Remain focused as one of the leading Hong Kong property companies

We will continue to focus on premium quality properties in prime locations and in areas with high redevelopment and significant growth potential in Hong Kong. Our aim is to maintain a diversified property business model which includes office, retail, residential, service apartment, convention and exhibition and hotel properties. We will also continue to enhance our existing property assets and actively seek strategic acquisitions to create synergy. As one of the few convention and exhibition facilities providers in Hong Kong, we aim to leverage our flexibility as a private-sector operator to grow our business, strengthen our market share and improve our profitability. At the same time, we will continue to grow our hotel business to take advantage of the growing demand for hotel rooms in Hong Kong. Our overall focus on Hong Kong allows us to benefit from its favourable tax regime and relatively stable legal, regulatory, political and business environment.

Continue to adopt a disciplined capital management approach to maintain a strong and healthy financial position

We intend to maintain a strong and healthy financial position through a disciplined approach towards capital management. Our intention is to continue to invest in and develop projects in a prudent and focused manner and to maximise flexibility in funding our projects by maintaining access to, and exploring, different financing alternatives.

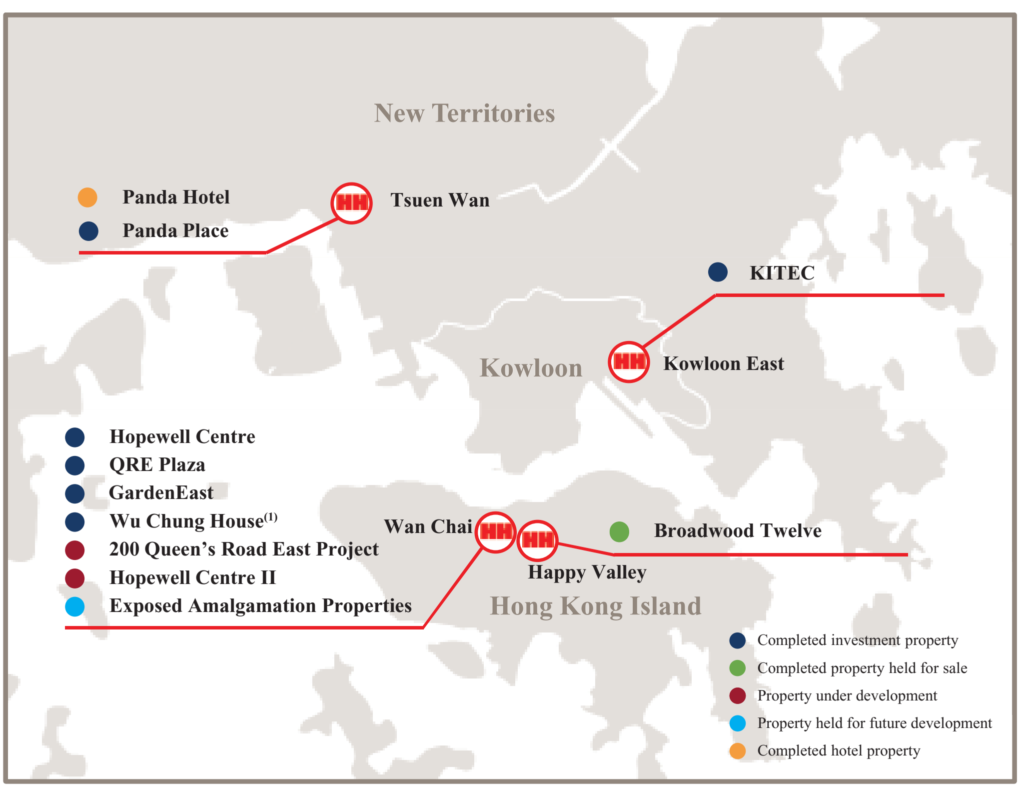
We will also continue to implement strict cost control measures to maximise our capital return and to maintain a strong financial position.

OUR PROPERTY PORTFOLIO

Overview

We own a diversified portfolio of properties in Hong Kong that includes office, retail, convention and exhibition, serviced apartment, residential and hotel properties. Excluding Hopewell Centre II, 200 Queen's Road East Project, Broadwood Twelve and the Amalgamation Properties, our property portfolio has an aggregate GRA attributable to the Group of approximately 3.5 million sq. ft. and a total value of approximately HK$30,894.6 million, as determined by DTZ, as at 31 March 2013.

The map below provides an overview of our property portfolio:



Note:

(1) Our interests in Wu Chung House comprise six retail shops located on the ground and second floors and 80 car parking spaces. Our six retail shops have a total GRA of approximately 17,738 sq. ft.

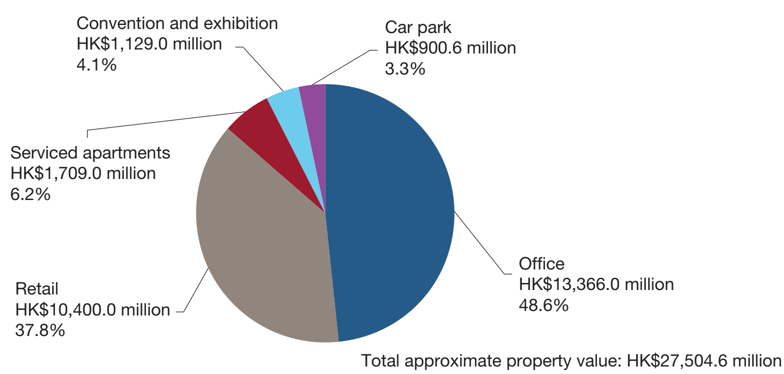
In this prospectus, unless the context requires otherwise:

- "investment property" means the investment properties which we hold for long term investment, consisting mainly of our office, retail, convention and exhibition and serviced apartment properties;
- "hotel, restaurant and catering operation" means the hotel which we own and manage as well as restaurant and food catering operations and unless expressly specified, does not include the hotel in Hopewell Centre II; and
- "property development" means the development of investment properties which we hold for sale, our property under development and project management.

Completed Investment Property

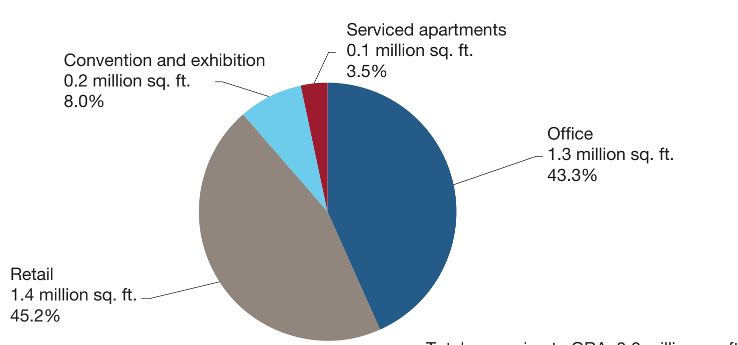
The chart below shows a breakdown of our completed investment property portfolio by type of property (excluding Broadwood Twelve and Panda Hotel) by value attributable to the Group as at 31 March 2013. All valuations cited in this section are derived from professional valuations, including those set out in the table in *"Business — Investment Property Portfolio — Overview of completed investment property"* below, which shows a breakdown of our completed investment property portfolio, and in *"Appendix IV — Property Valuation"*.

Property valuation of completed investment property portfolio by type of property as at 31 March 2013



The chart below shows the approximate GRA (attributable to the Group) of our completed investment property portfolio (excluding Broadwood Twelve and Panda Hotel) as at 31 March 2013 broken down by type of property.

Approximate GRA of our completed investment property portfolio by type of property as at 31 March 2013



Hotel, restaurant and catering operations

As at 31 March 2013, Panda Hotel consists of 911 rooms and has a total GRA of approximately 434,934 sq. ft., comprising approximately 380,892 sq. ft. of hotel space and approximately 54,042 sq. ft. of restaurant space. Our restaurant and catering operations at KITEC and Panda Hotel take up a GRA of approximately 92,955 sq. ft.

Property Development

Broadwood Twelve, the Group's latest and only property development held for sale, consists of 76 high-end residential units and has a total GFA of approximately 113,900 sq. ft. As at 31 March 2013, there are remaining 18 residential units and 11 car parking spaces of Broadwood Twelve which are held for sale.

INVESTMENT PROPERTY PORTFOLIO

Our completed investment property portfolio comprised an aggregate GRA of approximately 3.0 million sq. ft. as at 31 March 2013. Our completed investment property mainly comprises of office, retail, convention and exhibition and service apartment space in prime locations and in areas with high redevelopment and significant growth potential in Hong Kong.

The table below shows the GFA, GRA and other information of the properties in our completed investment property portfolio as at 31 March 2013.

Overview of completed investment property

Name of property	Approximate GFA (in sq. ft.)	Approximate GRA (in sq. ft.)	Number of serviced apartments	Number of car parking spaces	Attributable to the Group (%)	Tenure of leasehold expiry	Year completed	Property valuation as at 31 March 2013 (HK$ million)	Average occupancy rate for 1HFY2013 (%)	Average monthly effective rent for 1HFY2013 (HK$ per sq. ft.)
WAN CHAI										
Hopewell Centre	**840,692**	**809,609**			**100%**	**1985-2135**	**1983**	**12,720.0**		
Office	N/A	637,343	N/A	N/A				9,772.0	95.9	30.0
Retail	N/A	172,266	N/A	N/A				2,730.0	100.0	38.1
Car park	N/A	N/A	N/A	300				218.0	N/A	N/A
Wu Chung House[(1)]	**17,674**	**17,738**			**100%**	**1992-2047**	**1993**	**530.6**		
Retail	17,674	17,738	N/A	N/A				457.0	100.0	69.6
Car park	N/A	N/A	N/A	80				73.6	N/A	N/A
GardenEast	**96,576**	**110,852**			**100%**	**1855-2854**	**2008**	**1,862.0**		
Serviced apartment	N/A	104,400	216	N/A				1,709.0	93.4	54.0
Retail	N/A	6,452	N/A	N/A				153.0	100.0	57.1
QRE Plaza	**77,033**	**79,541**			**100%**	**1863-2841**	**2007**	**1,152.0**		
Retail	77,033	79,541	N/A	N/A				1,152.0	86.0	34.0
KOWLOON EAST										
KITEC and E-Max	**1,774,555**	**1,753,238**			**100%**	**1987-2047**	**1996**	**9,345.0**		
Office	N/A	668,536	N/A	N/A				3,594.0	96.6	10.4
Retail	N/A	842,544	N/A	N/A				4,206.0	93.4	7.2
Convention and exhibition	N/A	242,158	N/A	N/A				1,129.0	N/A	N/A
Car park	N/A	N/A	N/A	763				416.0	N/A	N/A
TSUEN WAN										
Panda Place	**229,675**	**230,026**			**100%**	**1898-2047**	**1991**	**1,797.5**		
Retail	229,675	230,026	N/A	N/A				1,604.5	95.0	12.7[(2)]
Car park	N/A	N/A	N/A	402				193.0	N/A	N/A
Panda Hotel – commercial	**15,041**	**14,287**	N/A	N/A	**100%**	**1898-2047**	**1991**	**97.5**	87.7	18.6
TOTAL	**3,051,246**	**3,015,291**	**216**	**1,545**				**27,504.6**		

Notes:

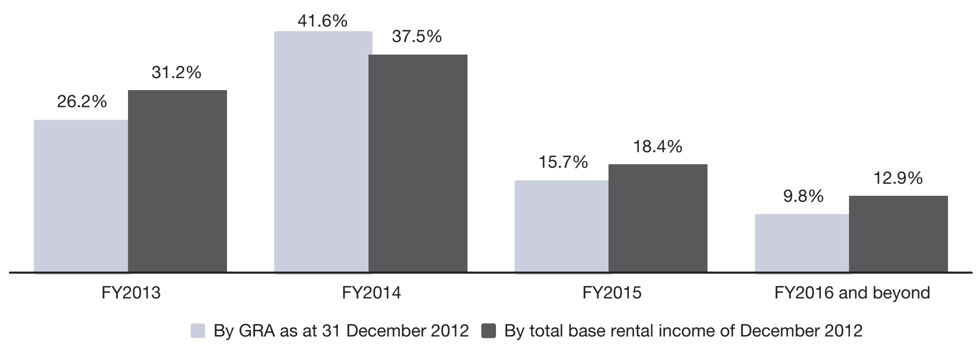
(1) Our interests in Wu Chung House comprise six retail shops located on the ground and second floors and 80 car parking spaces. Our six retail shops have a total GRA of approximately 17,738 sq. ft.

(2) The lower average monthly effective rent per sq. ft. in 1HFY2013 was primarily due to the temporary closure of certain portions of our retail space for renovations for several months. Our average monthly effective rent per sq. ft. for December 2012 was HK$15.7.

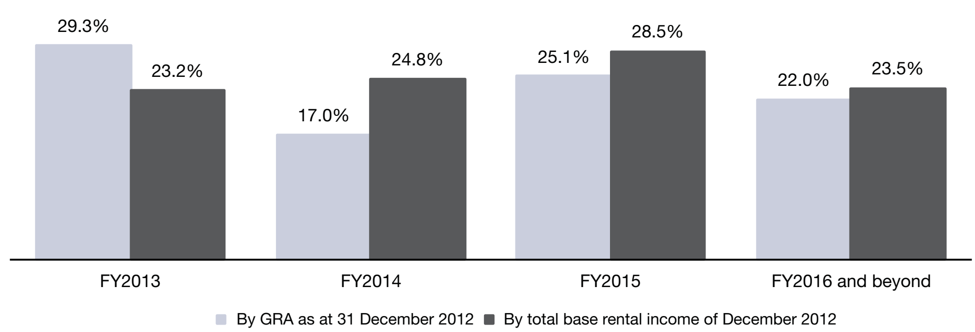
As at 31 March 2013, our completed investment property portfolio comprised office space with a total GRA of approximately 1.3 million sq. ft., retail space with a total GRA of approximately 1.4 million sq. ft., convention and exhibition space with a total GRA of approximately 0.2 million sq. ft. and serviced apartment units with a total GRA of approximately 0.1 million sq. ft.

The following charts show as at 31 December 2012 the percentage of the total base rental income from our completed investment properties, for the month ended 31 December 2012, derived from leases expiring in the periods indicated below.

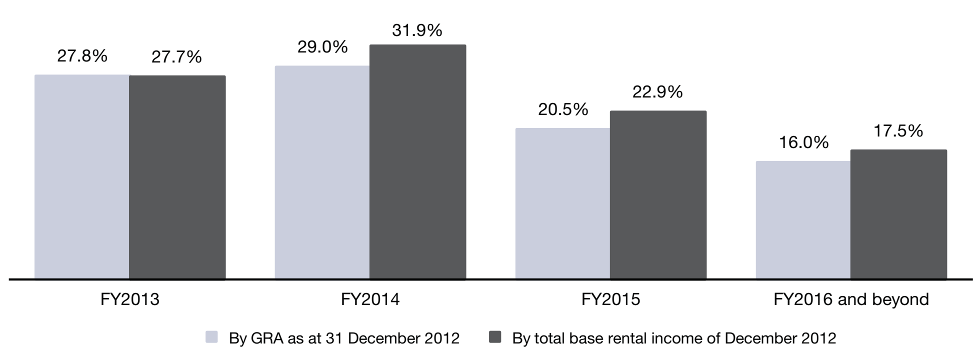
Lease expiry profile
Completed investment properties (office)



Lease expiry profile
Completed investment properties (retail)

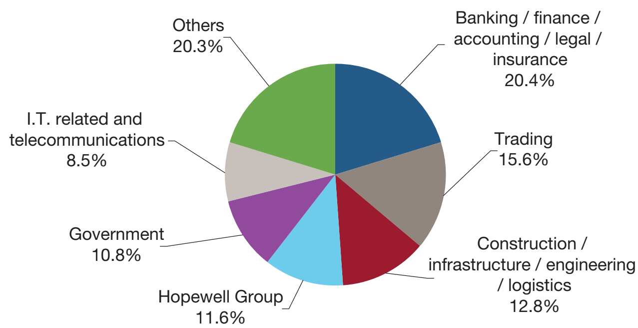


Lease expiry profile
Completed investment properties (overall)

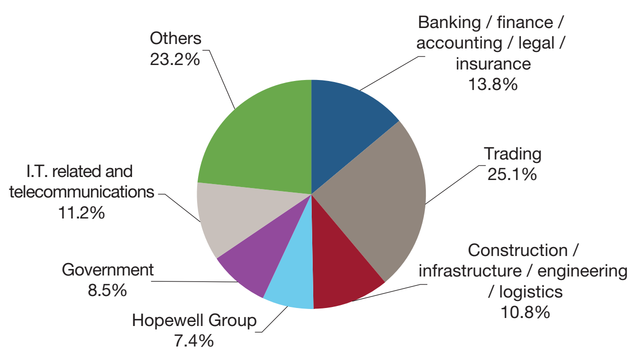


The charts below show the tenant mix of our office properties by the principal nature of their businesses (based on our own internal classifications), as a percentage of our office rental income for the month ended 31 December 2012 and as a percentage of the office GRA as at 31 December 2012.

Office rental income attributable to the Group by tenants' trades (for the month ended 31 December 2012)



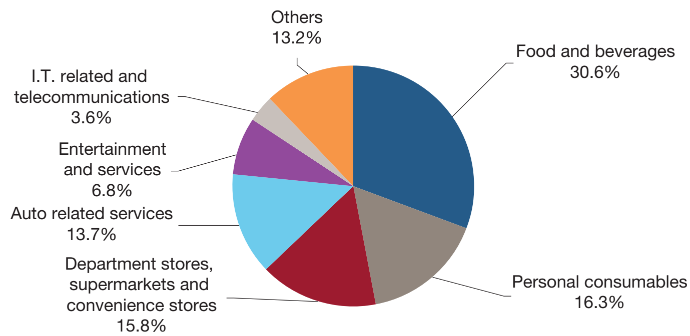
Office GRA attributable to the Group by tenants' trades (as at 31 December 2012)



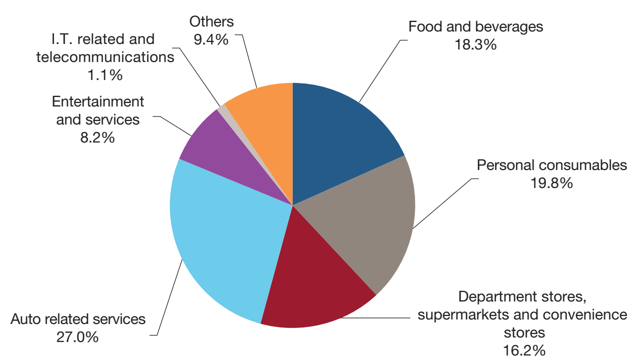
As at 31 December 2012, our top five tenants for office properties (based on rental income for the month ended 31 December 2012) together occupied approximately 16.3% of our total office GRA in Hong Kong and accounted for approximately 24.4% of our total rental income from office space.

The charts below show the tenant mix of our retail properties by the principal nature of their businesses (based on our internal classifications), as a percentage of our retail rental income for the month ended 31 December 2012 and as a percentage of the retail GRA as at 31 December 2012.

Retail rental income attributable to the Group by tenants' trades (for the month ended 31 December 2012)



Retail GRA attributable to the Group by tenants' trades (as at 31 December 2012)



As at 31 December 2012, our top five tenants for retail properties (based on rental income for the month ended 31 December 2012) together occupied approximately 46.4% of our total retail GRA in Hong Kong and accounted for approximately 31.0% of our total rental income from retail space.

Wan Chai

Wan Chai is a key area in Hong Kong for business, conventions and exhibitions, entertainment and shopping as well as art and cultural activities. The district is a key traffic hub with its convenient transportation access and an interchange for east and west Hong Kong Island. Due to the limited availability and high occupational costs for office space in Central and Admiralty, quality office space in Wan Chai becomes a viable alternative for tenants in Central. The rental gaps between Central and vicinity areas lead to an emerging decentralisation trend, whereby corporate tenants are relocating from Central and Admiralty to Wan Chai. The surge of demand for office space has also created a spill-over effect on areas near Central and Admiralty, resulting in rising market rents for office space in Wan Chai given its convenience and availability of quality office inventory as well as its close proximity to Central and Admiralty.

The East

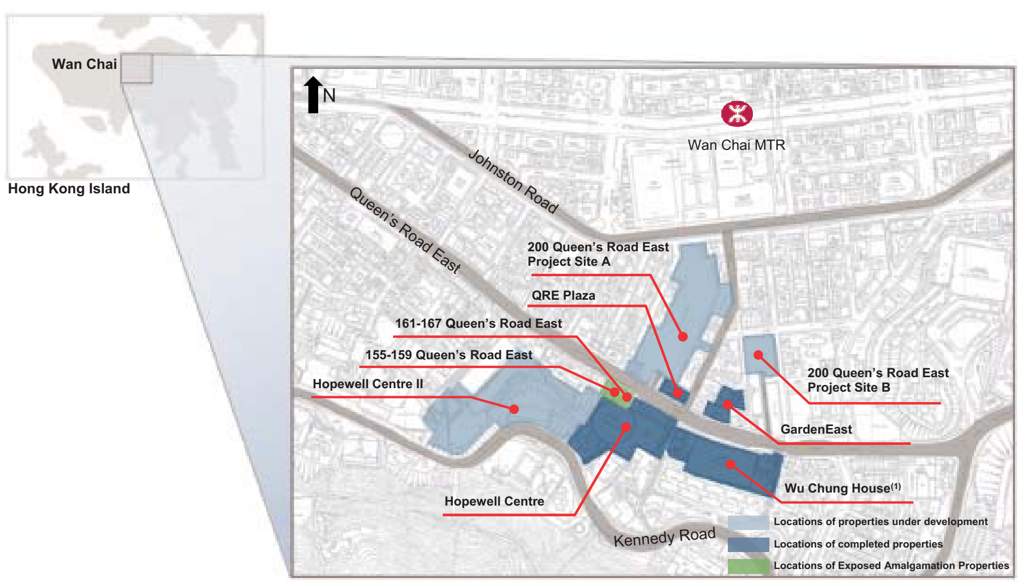
We are one of the largest landlords in Wan Chai in terms of GRA with a comprehensive property portfolio clustered on Queen's Road East around Hopewell Centre. To enhance our position in Wan

Chai, we created and introduced the concept of "The East" in December 2007, which is the brand name for a dining and entertainment community in Wan Chai. "The East" encompasses a cluster of retail outlets with a GRA of approximately 275,997 sq. ft., which are spread across all of our properties in Wan Chai including Hopewell Centre, QRE Plaza, GardenEast and Wu Chung House (six retail shops). For the second consecutive year in 2012, our "The East" brand was awarded the "U Choice Award" within the food and beverage lifestyle category by MetroInfo FM99.7, a radio channel operated by Metro Broadcast Corporation Limited in Hong Kong. We launched "The East Club", a membership scheme where members can collect reward points at retail outlets and restaurants in Hopewell Centre, QRE Plaza, GardenEast and Wu Chung House (six retail shops), which can be exchanged for cash coupons to be used at designated outlets at these locations.

By integrating our existing properties with our properties under development (Hopewell Centre II and the 200 Queen's Road East Project) and other developments currently underway in Wan Chai, we expect that the synergies and cluster effect created by the retail elements of our properties will create an integrated lifestyle experience for our tenants and members of the public. This will also strengthen the Group's branding and further enhance the overall rental return of our properties in the future.

Whilst we are capitalising on the decentralisation trend whereby many corporate tenants are opting to relocate from Central and Admiralty to Wan Chai, we believe that our "The East" brand is a key component of our leasing strategy for our properties in Wan Chai as we aim to introduce new tenants who can complement "The East" as a lifestyle brand. We believe that the refinement of our tenant mix will increase the retail value of our properties which in turn will enhance the perception of our office premises.

The map below shows the location of our properties in Wan Chai.



Note:

(1) Our interests in Wu Chung House comprise six retail shops located on the ground and second floors and 80 car parking spaces. Our six retail shops have a total GRA of approximately 17,738 sq. ft.

Hopewell Centre

Background

Hopewell Centre is the Company's flagship property and is an iconic landmark in Hong Kong situated in the heart of Wan Chai at 183 Queen's Road East. Hopewell Centre is a 66-storey Grade A office building with a total GFA of approximately 840,692 sq. ft. It has a total GRA of approximately 809,609 sq. ft., comprising office space of approximately 637,343 sq. ft., retail space of approximately 172,266 sq. ft. and 300 car parking spaces. It has entrances on both Queen's Road East and Kennedy Road. According to a survey conducted by TNS, a global independent research firm, Hopewell Centre is a widely recognised landmark property in Wan Chai with 80% awareness among the general public and 70% of them agreeing that Hopewell Centre is a landmark property in Wan Chai. Over 90% of the taxi drivers surveyed were also aware of the location of Hopewell Centre. The results were derived from a face-to-face survey conducted by TNS in April 2013 with 502 people who were aged between 18 to 64 years old who constituted the general public and 302 taxi drivers.

Upon its completion in March 1983, Hopewell Centre was the tallest building in Hong Kong and the second tallest building in Asia, and remained so until 1989. The building's pioneering design with its cylindrical structure is an architectural landmark in Hong Kong and was one of the first Hong Kong buildings constructed in the 1980s recognised for its energy efficiency. The circular and column free design of Hopewell Centre also ensures that the floor layout and materials are maximised.

Historical asset enhancements

In line with our strength in asset enhancement, we have carried out ongoing refurbishment of Hopewell Centre such as upgrading and modernising the common areas, carpark facilities and air-handling units, reconfiguring tenant areas and installing new customer service concierge. Two newly refurbished observation lifts with modern seamless cylindrical glass curtains were reopened in 2011 and provide an access to VIEW 62 by Paco Roncero, a Spanish restaurant which opened in June 2012. VIEW 62 by Paco Roncero, located on the 62nd floor of Hopewell Centre, is the only revolving restaurant in Hong Kong.

Through our asset enhancement works, we have been able to increase tenancy renewals based on our strategy of securing tenants who occupy larger office space. Renovation work carried out to improve the office and common areas of Hopewell Centre and the enhancement of our property management such as the introduction of "Tenant Club" and "Elite Club for VIPs", a tenants membership scheme where our tenants receive certain benefits at our properties, have also helped to improve our relationship with our tenants.

Tenancies

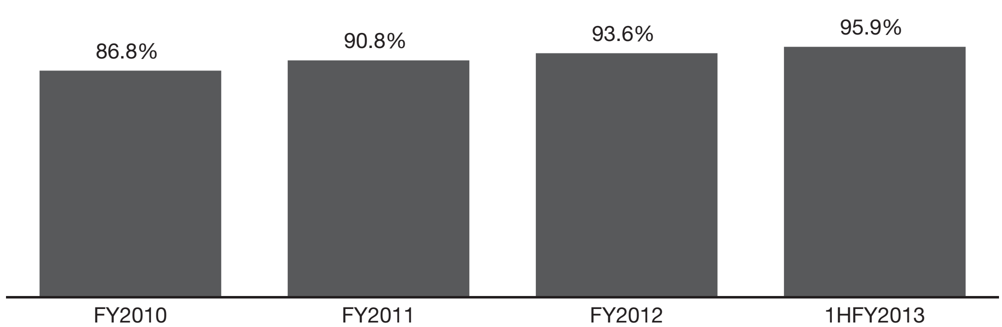
Through the continuous enhancements being made to Hopewell Centre's building specifications and services and our efforts to add value to the property, Hopewell Centre has been able to retain its existing tenants and attract new quality tenants over the years, including leading financial and professional firms. As at 31 December 2012, there were a total of 126 office tenants and 33 retail tenants in Hopewell Centre. The five largest tenants (in terms of rental income for the month ended 31 December 2012 and excluding the Group itself) at Hopewell Centre were (in alphabetical order):

- A.S. Watson Group (HK) Limited (trading as Taste, Watsons and Watson's Wine);
- Bank of China (Hong Kong) Limited;
- Bayer MaterialScience Limited;
- Computershare Hong Kong Investor Services Limited; and
- The Financial Secretary Incorporated.

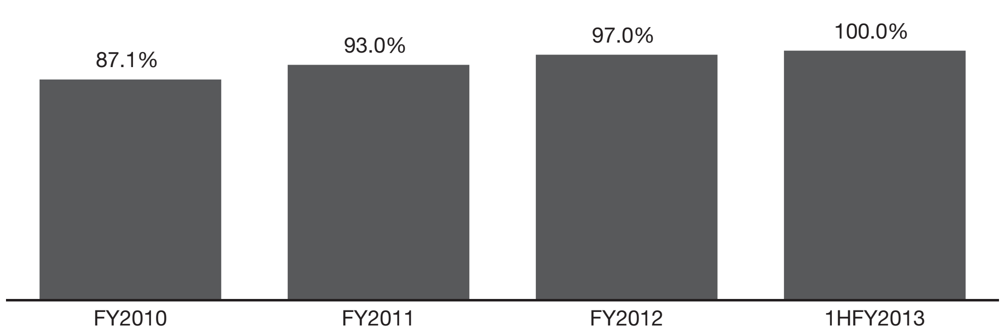
These five largest tenants contributed approximately 28.1% of the total rental income of Hopewell Centre for the month ended 31 December 2012 and accounted for approximately 28.7% of the total leased GRA of Hopewell Centre as at 31 December 2012. Some of our most recent major tenants at Hopewell Centre include Bayer MaterialScience Limited and Principal Trust Company (Asia) Limited.

The chart below shows the average occupancy rate of Hopewell Centre during the Track Record Period. The average occupancy rate for office and retail spaces for 1HFY2013 was approximately 95.9% and 100.0%, respectively.

Average occupancy rate
Hopewell Centre (office)

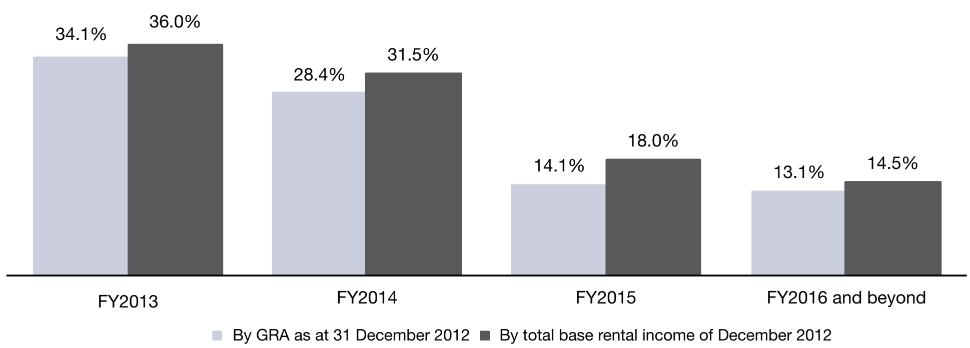


Average occupancy rate
Hopewell Centre (retail)

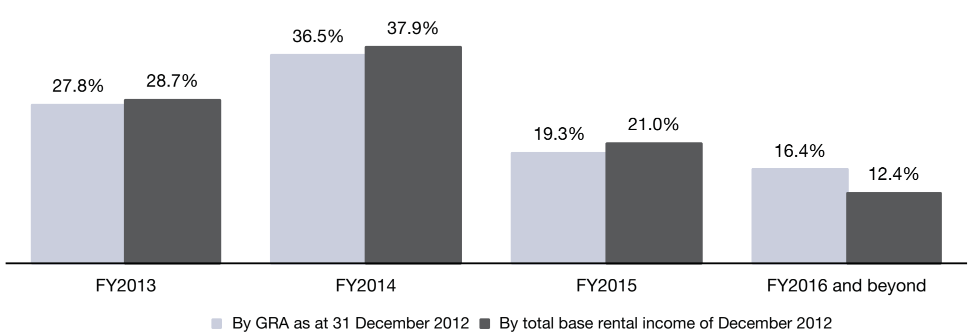


The weighted average lease term to expiry for Hopewell Centre was approximately 3.0 years as at 31 December 2012. The charts below show the percentage of the total leased GRA of Hopewell Centre taken up as at 31 December 2012 by leases expiring in the periods shown and the percentage of total base rent of Hopewell Centre for the month ended 31 December 2012 attributable to those leases.

Lease expiry profile
Hopewell Centre (office)



Lease expiry profile
Hopewell Centre (retail)



Rental rate and income

The following tables show the average monthly effective rent, average monthly spot rent and the net rental income of Hopewell Centre for office and retail space during the Track Record Period.

Average monthly effective rent, average monthly spot rent and net rental income
Hopewell Centre (office)

	Average monthly effective rent (per sq. ft.)	Average monthly spot rent (per sq. ft.)	Net rental income (million)
FY2010	HK$25.4	HK$26.8	HK$161.7
FY2011	HK$26.1	HK$30.7	HK$168.6
FY2012	HK$27.9	HK$37.4	HK$178.9
1HFY2013	HK$30.0	HK$42.4	HK$ 99.5

In February 2013 and April 2013, the Company signed offer letters with two tenants for the lease of certain office premises at Hopewell Centre, which in aggregate amounted to approximately 27,339 sq. ft. of GRA. The rental rate for these two tenancies ranged from approximately HK$45.6 to HK$53.0 per sq. ft. One of these two tenants had previously signed an offer letter with the Company in November 2011 for the lease of office premises at Hopewell Centre, which amounted to 76,644 sq. ft. of GRA, at the rate of approximately HK$47.5 per sq. ft. The aforesaid tenancies are subject to the execution of formal tenancy agreements with the two tenants.

Average monthly effective rent and net rental income
Hopewell Centre (retail)

	Average monthly effective rent (per sq. ft.)	Net rental income (million)
FY2010	HK$32.0	HK$53.0
FY2011	HK$32.9	HK$59.6
FY2012	HK$33.9	HK$66.2
1HFY2013	HK$38.1	HK$38.1

The rental reversion achieved on new leases in respect of space attributable to leases renewed in FY2012 is approximately 32.0% for office space and 21.0% for retail space, respectively.

Future asset enhancements

Plans to revamp the retail podium and facade of Hopewell Centre are expected to commence in 2014. The new design of the retail facade will upgrade the image of Hopewell Centre and enhance its attractiveness on Queen's Road East. The total capital expenditure for the revamp of the retail podium and facade is expected to be approximately HK$54.6 million, which will be funded from our internal cash flow. Furthermore, to assist with the integration of our cluster of properties in Wan Chai, we intend to construct a pedestrian walkway between the Kennedy Road residential area in the Mid-Levels, Wan Chai MTR station and Wan Chai North, via Hopewell Centre, Hopewell Centre II and the 200 Queen's Road East Project. For further information, see "*Business — Investment Property Portfolio — Investment Property under Development or Held for Future Development — Hopewell Centre II"* below.

We also intend to add an entertainment element to Hopewell Centre by introducing an upmarket "live-house" concept performance venue at Hopewell Centre to extend the business hours of "The East" dining and entertainment community. We believe that the opening of a new "live-house" performance venue will further enhance our "The East" brand and improve our market positioning in Wan Chai.

Property valuation

As at 31 March 2013, Hopewell Centre was valued at approximately HK$12,720.0 million. For further information, see "*Appendix IV — Property Valuation*".

QRE Plaza

Background

QRE Plaza is a 25-storey building at 202 Queen's Road East in the commercial area of Wan Chai, Hong Kong. It has a total GFA of approximately 77,033 sq. ft. and a total GRA of approximately 79,541 sq. ft of retail space offering a wide range of dining establishments and lifestyle outlets. As the name of the property suggests, QRE Plaza aims to provide customers and visitors with "**Q**uality Lifestyle, **R**elaxation and **E**ntertainment", and positions itself as a lifestyle hub for our Wan Chai properties. QRE Plaza was completed in November 2007 and is connected to Hopewell Centre and Wu Chung House via a footbridge, creating integral links between our properties which further enhances our branding and lifestyle concept, "The East". It is also within walking distance of Wan Chai MTR station.

Tenancies

As at 31 December 2012, there were a total of 15 tenants in QRE Plaza, which included 7 food and beverage tenants providing a wide range of cuisine options to the nearby working population and residents in the area. There is also a fitness centre and spa operating within QRE Plaza. The five largest tenants (in terms of rental income for the month ended 31 December 2012 and excluding the Group itself) in QRE Plaza were (in alphabetical order):

- City Grow Investment Limited (trading as Oyster Bar & Grill);
- Kelley Production Company Limited (trading as Hong Kong Funky Dance Centre);
- LaCucina Italian (HK) Limited (trading as La Cucina Italiana);
- Sime Darby Motor Group (HK) Limited (trading as MINI); and
- Tung Jia Food and Beverage Management Limited (trading as Zummer).

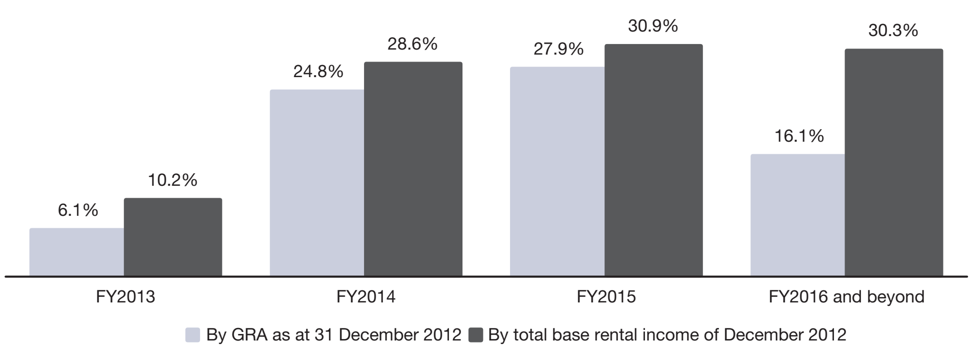
These five largest tenants contributed approximately 51.6% of the total rental income of QRE Plaza for the month ended 31 December 2012 and accounted for approximately 44.3% of its total leased GRA as at 31 December 2012.

The chart below shows the average occupancy rate of QRE Plaza during the Track Record Period. The average occupancy rate for 1HFY2013 was approximately 86.0%.

Average occupancy rate
QRE Plaza (retail)

The weighted average lease term to expiry for QRE Plaza was approximately 3.5 years as at 31 December 2012. The chart below shows the percentage of the total leased GRA of QRE Plaza taken up as at 31 December 2012 by leases expiring in the periods shown and the percentage of total base rental income of QRE Plaza for the month ended 31 December 2012 attributable to those leases.

Lease expiry profile
QRE Plaza (retail)



Rental rate and income

The following table shows the average monthly effective rent and the net rental income of QRE Plaza during the Track Record Period.

Average monthly effective rent and net rental income
QRE Plaza (retail)

	Average monthly effective rent (per sq. ft.)	Net rental income (million)
FY2010	HK$22.1	HK$17.7
FY2011	HK$23.2	HK$19.2
FY2012	HK$26.3	HK$20.8
1HFY2013	HK$34.0	HK$12.6

Property valuation

As at 31 March 2013, QRE Plaza was valued at approximately HK$1,152.0 million. For further information, see "*Appendix IV — Property Valuation*".

GardenEast

Background

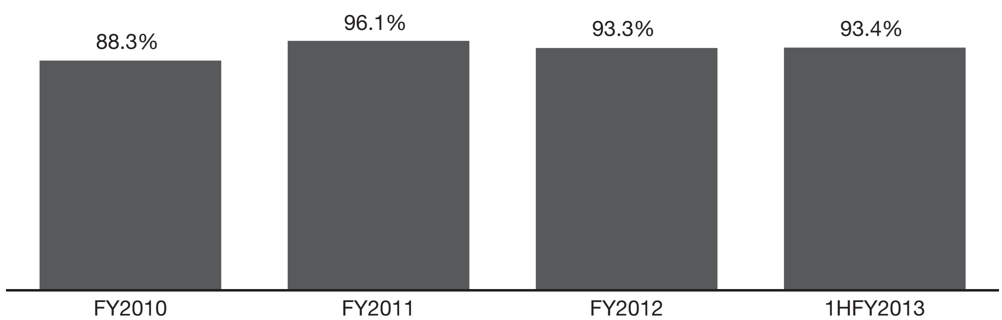
GardenEast is a 28-storey serviced apartment building located at 222 Queen's Road East, Wan Chai, Hong Kong which offers quality green living to urban dwellers. It has a total GFA of approximately 96,576 sq. ft. and a total GRA of approximately 110,852 sq. ft., comprising residential space of approximately 104,400 sq. ft. and retail space of approximately 6,452 sq. ft. GardenEast consists of 216 luxury apartments, which range from 395 sq. ft. to 672 sq. ft. each, and three retail shops spread across two storeys. GardenEast has its own greenery planted in abundance in its open garden and includes facilities such as a gymnasium, business centre, multifunction room, podium garden and sun-deck area on the rooftop for residents. GardenEast was conceptualised and built as a dedicated serviced apartment tower. It was completed in September 2008.

GardenEast is located within walking distance of Wan Chai MTR station and is situated next to QRE Plaza and across from Hopewell Centre and Wu Chung House. This creates an integrated lifestyle experience for our tenants, many of whom are working professionals, which accentuates and aligns with our brand "The East".

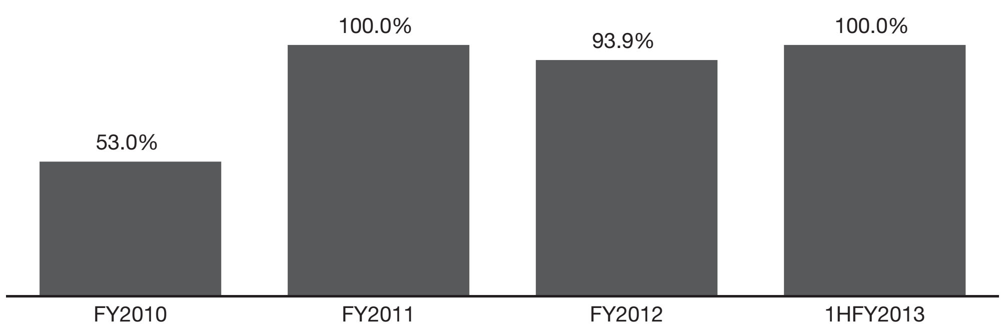
Tenancies

As at 31 December 2012, there were a total of 165 serviced apartment tenants and three retail tenants in GardenEast. The chart below shows the average occupancy rate of GardenEast during the Track Record Period. The average occupancy rate for serviced apartment and retail space for 1HFY 2013 was approximately 93.4% and 100.0%, respectively.

Average occupancy rate
GardenEast (serviced apartment)



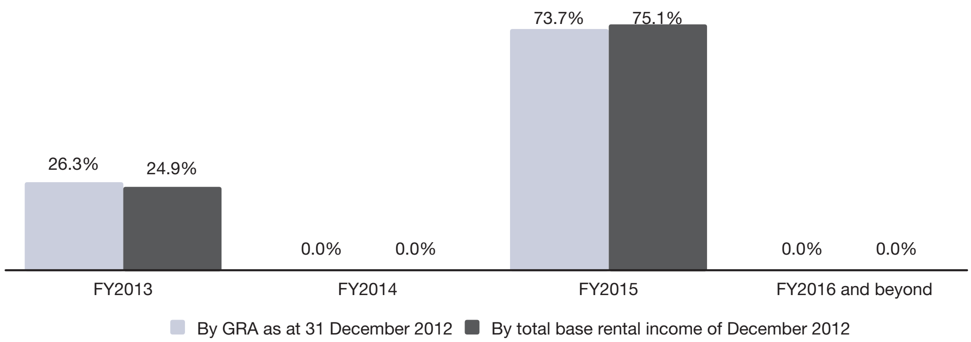
Average occupancy rate
GardenEast (retail)



For FY2012, the average lease term of our serviced apartments at GardenEast was approximately 42.8% for less than three months, approximately 23.1% for three months to six months and approximately 34.1% for over six months.

The weighted average lease term to expiry for the retail portion of GardenEast was approximately 3.0 years as at 31 December 2012. The chart below shows the percentage of the total leased GRA of the retail portion of GardenEast taken up as at 31 December 2012 by leases expiring in the periods shown and the percentage of total base rental income of the retail portion of GardenEast for the month ended 31 December 2012 attributable to those leases.

Lease expiry profile
GardenEast (retail)



Rental rate and income

The following tables show the average monthly effective rent and the net rental income of GardenEast during the Track Record Period.

Average monthly effective rent and net rental income
GardenEast (serviced apartment)

	Average monthly effective rent (per sq. ft.)	Net rental income (million)
FY2010	HK$41.9	HK$46.4
FY2011	HK$47.0	HK$56.6
FY2012	HK$52.7	HK$60.8
1HFY2013	HK$54.0	HK$31.6

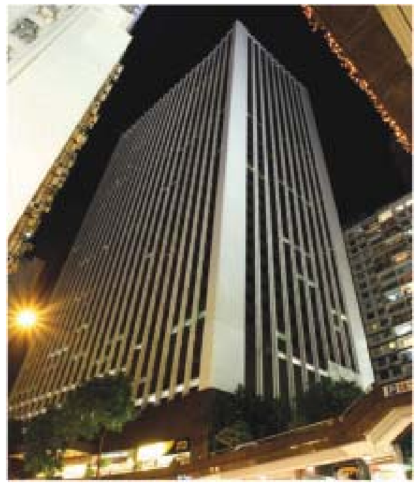
Average monthly effective rent and net rental income
GardenEast (retail)

	Average monthly effective rent (per sq. ft.)	Net rental income (million)
FY2010	HK$41.0	HK$1.8
FY2011	HK$53.5	HK$3.3
FY2012	HK$49.0	HK$3.6
1HFY2013	HK$57.1	HK$2.3

Property valuation

As at 31 March 2013, GardenEast was valued at approximately HK$1,862.0 million. For further information, see "*Appendix IV — Property Valuation*".

Retail shops and car parking spaces at Wu Chung House



Background

We own six retail shops located on the ground and second floors of Wu Chung House, a 38-storey office building completed in April 1993 and located on 213 Queen's Road East in the commercial district of Wan Chai. We also own 80 car parking spaces at Wu Chung House. Wu Chung House is named after the father of our Chairman, Sir Gordon Ying Sheung WU. Our six retail shops at Wu Chung House has a total GFA of approximately 17,674 sq. ft. and a total GRA of approximately 17,738 sq. ft. Wu Chung House, which forms part of our "The East" lifestyle brand, is located across from GardenEast and is within walking distance from Wan Chai MTR station. It is connected to Hopewell Centre and QRE Plaza via a footbridge.

Tenancies

As at 31 December 2012, there were a total of six retail tenants in Wu Chung House (for the retail portion which we own). The five largest tenants (in terms of rental income for the month ended 31 December 2012) in our six retail shops at Wu Chung House were (in alphabetical order):

- Bioscreen Limited (trading as Organic Beauty, Bioscreen Organic and HK Medi-spa);
- Elite Blithe Limited (trading as Nha Trang Vietnamese Cuisine);
- Grand Seasons (Central) Food & Beverages Caterers Company Limited (trading as Café de Coral);
- Sime Darby Motor Group (HK) Limited (trading as Rolls Royce and McLaren); and
- Spread Zone Limited (trading as Raakee).

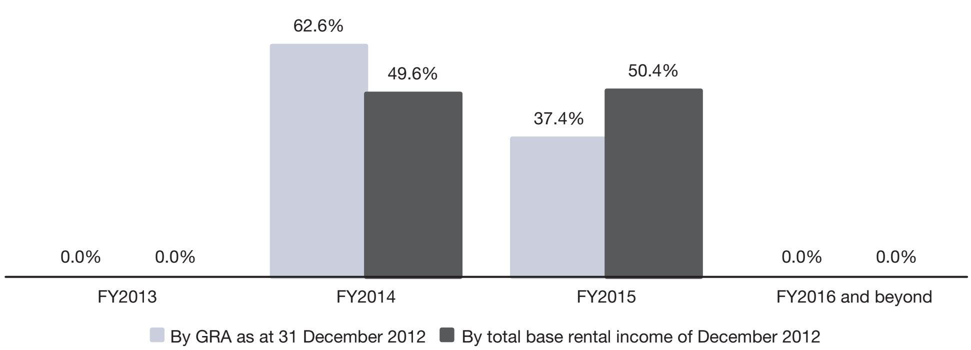
These five largest tenants contributed approximately 97.1% of the total rental income of our interests in Wu Chung House for the month ended 31 December 2012 and accounted for approximately 98.4% of the total leased GRA of our interests in Wu Chung House as at 31 December 2012.

The chart below shows the average occupancy rate for our six retail shops at Wu Chung House during the Track Record Period. The average occupancy rate for our six retail shops at Wu Chung House for 1HFY2013 was approximately 100.0%.

Average occupancy rate
Wu Chung House (six retail shops)

The weighted average lease term to expiry for our six retail shops at Wu Chung House was approximately 3.3 years as at 31 December 2012. The chart below shows the percentage of the total GRA of our six retail shops at Wu Chung House taken up as at 31 December 2012 by leases expiring in the periods shown and the percentage of total base rental income of our six retail shops at Wu Chung House for the month ended 31 December 2012 attributable to those leases.

Lease expiry profile
Wu Chung House (retail)



Rental rate and income

The following table shows the average monthly effective rent and the net rental income of our six retail shops at Wu Chung House during the Track Record Period.

Average monthly effective rent and net rental income
Wu Chung House (retail)

	Average monthly effective rent (per sq. ft.)	Net rental income (million)
FY2010	HK$46.8	HK$9.9
FY2011	HK$45.2	HK$9.4
FY2012	HK$64.9	HK$13.8
1HFY2013	HK$69.6	HK$7.4

Property valuation

As at 31 March 2013, our six retail shops and 80 car parking spaces at Wu Chung House were valued at approximately HK$457.0 million and HK$73.6 million, respectively. For further information, see "*Appendix IV — Property Valuation*".

Kowloon East

Kowloon East comprises the Kai Tak Development Area and the former industrial areas of Kwun Tong and Kowloon Bay. The "Energizing Kowloon East" programme was launched by the Hong Kong Government on 7 June 2012 to transform Kowloon East into Hong Kong's second CBD (or CBD2) to support economic growth and strengthen global competitiveness. Given the advanced age of the industrial buildings in the surrounding vicinity, Kowloon East, which is currently in a redevelopment phase, has substantial redevelopment potential. A cruise terminal meeting international standards is expected to open in June 2013. Kowloon East has a diverse tenant profile and the recent completion of high-quality new office buildings has attracted a cluster of new tenants to the district. Kowloon East is now the second largest office district in Hong Kong after Central.

Similar to Wan Chai, Kowloon East is benefiting from another decentralisation trend, as large, multi-floor tenants relocate from core areas such as Central and Admiralty to Kowloon East. Multinational companies have gradually been moving in, and forming a cluster in Kowloon East, with most of the demand coming from the wholesale and trade sectors as well as the insurance and telecommunication sectors, which has resulted in rising market rents for office space in Kowloon East. This trend became one of the key drivers for Hong Kong's new CBD2 which will further increase the supply of quality office space. The Hong Kong Government is currently constructing a new government office building and has announced plans to relocate other government office buildings to the nearby area of KITEC in the future.

We were one of the first property developers to have a major large-scale multi-purpose commercial complex in Kowloon East. In light of the Hong Kong Government's plan to develop the Kai Tak Development Area into a tourism and entertainment hub, we believe that our KITEC and E-Max integrated property will benefit from the large scale infrastructure development and revitalisation of Kowloon East.

Below is a map of Kowloon East which shows the proposed plans of CBD2 and the location of the cruise terminal at the Kai Tak Development Area. As such, the completed developments may deviate from the depiction.

Source: Savills Research & Consultancy

KITEC and E-Max

Background

KITEC (formerly known as the Hongkong International Trade & Exhibition Centre or HITEC) is an integrated high quality and large-scale multi-purpose commercial complex comprising office, convention and exhibition space, performance venue capabilities and a shopping mall known as E-Max. The KITEC and E-Max complex is located at 1 Trademart Drive, which is in the heart of Kowloon Bay and the Hong Kong Government designated CBD2 area. KITEC was completed in June 1996 and a revamp of the complex was completed in 2007.

KITEC is a large scale development with a total GFA of approximately 1,774,555 sq. ft. and is the only convention and exhibition centre in Kowloon, a concept which we introduced to the area. It has a total GRA of approximately 1,753,238 sq. ft., comprising office space of approximately 668,536 sq. ft., retail space of approximately 842,544 sq. ft. and convention and exhibition space of approximately 242,158 sq. ft.

The development includes:

- Star Hall, a concert hall completed in November 2007 with a seating capacity of between 3,000 and 3,600;

- three rotunda halls each with a seating capacity between 1,000 to 1,600, which are used for exhibitions, seminars, banquets and concerts;

- a 702 seat theatre-styled auditorium;

- 11 meeting rooms; and

- "Music Zone", a "live-house" concept performance venue for concerts, with an audience capacity of 500 to 600.

New marketing strategies that aim to attract more local and international events and additional traffic to KITEC's convention and exhibition facilities have proved successful. The following are a selection of notable events held in KITEC during the Track Record Period:

- 2010 — Hong Kong Arts Festival Sadingding Concert

- 2010 — Tears for Fears Live in Hong Kong

- 2010 — Cable TV World Cup Events (held at KITEC in 2002 and 2006)

- 2011 — Bob Dylan Live in Hong Kong
- 2011 — Kenny G Heart & Soul Hong Kong Live
- 2011 — Star Hall Select — Hong Kong Philharmonic Orchestra and Hins Cheung concert
- 2012 — Hong Kong Arts Festival World of Wearablearts
- 2012 — Hello Kitty Expo (held annually at KITEC since 2008, except 2011)
- 2012 — Disney Live Musicals (held annually at KITEC since 2009)
- 2012 — IFPI Awards Presentation (to be held again in 2013)

E-Max, an eight-storey retail and entertainment complex integrated within KITEC, which provides a comprehensive range of dining, entertainment and lifestyle options to visitors and tenants. Given the scale of the property, E-Max has attracted a wide variety of tenants ranging from an integrated automobile sales and trading mall, a home design and furniture centre, an international duty free outlet, restaurants and other retail and entertainment outlets.

Historical asset enhancement

From 1996 to 2006, KITEC mainly consisted of convention and exhibition space and display offices as it was originally designated as a complex for international trade and specifically catered to business guests and host trade shows. In 2007, we made a strategic decision to revamp KITEC by introducing a retail and entertainment element to the complex, which was branded as E-Max. The external walls of KITEC was refurbished to bring a more lively facade to the complex. We created a modern retail arcade by converting the display offices located on the ground floor to the sixth floor into retail space. We also created a multi-purpose performance venue, now known as Star Hall, and a eight-storey high atrium to provide a wide space for functions and marketing events.

The continuous asset enhancement works carried out at KITEC are part of our leasing strategy to increase the marketability of the complex to tenants. In addition, we aim to attract more sizeable multinational corporation tenants with higher rental affordability. Our tenancy agreements contain provisions which allow us to co-terminate the leases of smaller units to form larger floor plates and to meet the demands of existing and prospective tenants.

After the E-Max revamp, we conducted a comprehensive renovation programme beginning in January 2010 for the office section of KITEC. The renovation programme included a complete facelift to the facade of the property, upgraded office facilities, a new office lift lobby, and modification of the common areas and building amenities.

Convention, exhibition and entertainment

Star Hall offers a wide variety of value-added options and flexibility to its users which makes it an attractive venue to host concerts, trade shows, consumer shows and banquets. We will continue its plans to actively bring in quality music and entertainment performances to E-Max under the “Star Hall Select” brand to strengthen E-Max’s positioning as an entertainment hub.

The following table shows the total revenue for convention and exhibition space at KITEC during the Track Record Period.

Total convention and exhibition revenue (by event type)

	Event type	Revenue (million)	Number of events
FY2010	Exhibitions	HK$3.2	24
	Conventions and seminars	HK$15.8	238
	Entertainment and special events	HK$15.6	139
	Others(1)	HK$5.0	N/A
	TOTAL	**HK$39.6**	**401**
FY2011	Exhibitions	HK$4.2	21
	Conventions and seminars	HK$16.3	239
	Entertainment and special events	HK$14.9	151
	Others(1)	HK$5.0	N/A
	TOTAL	**HK$40.4**	**411**
FY2012	Exhibitions	HK$6.0	36
	Conventions and seminars	HK$16.3	262
	Entertainment and special events	HK$19.6	182
	Others(1)	HK$6.6	N/A
	TOTAL	**HK$48.5**	**480**
1HFY2013	Exhibitions	HK$3.2	20
	Conventions and seminars	HK$8.2	122
	Entertainment and special events	HK$17.8	148
	Others(1)	HK$4.5	N/A
	TOTAL	**HK$33.7**	**290**

Note:
(1) "Others" are income derived from equipment rental and other miscellaneous services.

Tenancies

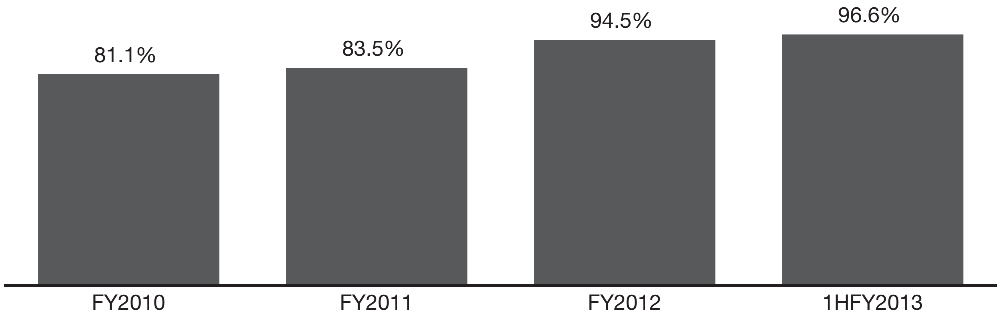
As at 31 December 2012, there were a total of 173 tenants in KITEC and 29 tenants in E-Max. The five largest tenants (in terms of rental income for the month ended 31 December 2012 and excluding the Group itself) in KITEC and E-Max were (in alphabetical order):

- Home Expo (Hong Kong) Limited (trading as Maxhome);
- Prime Capital Enterprises Limited (trading as Kowloon Bay Integrated Auto Mall 九龍灣綜合名車展);
- SmarTone Mobile Communications Limited;
- Wharf T&T Limited; and
- Wintop Management Limited (trading as Metropolitan Pacific 都會國際免稅廣場).

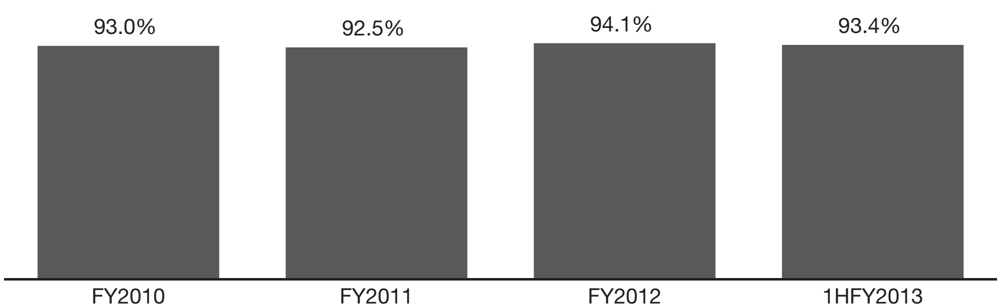
These five largest tenants contributed approximately 37.0% of the total rental income of KITEC and E-Max for the month ended 31 December 2012 and accounted for approximately 44.0% of the total leased GRA of KITEC and E-Max as at 31 December 2012.

The charts below show the average occupancy rate of KITEC and E-Max during the Track Record Period. The average occupancy rate of KITEC and E-Max for 1HFY2013 was approximately 96.6% and 93.4%, respectively.

Average occupancy rate
KITEC (office)

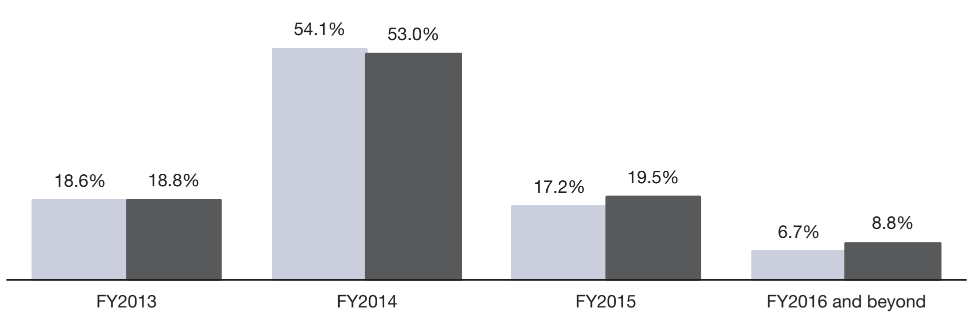


Average occupancy rate
E-Max (retail)

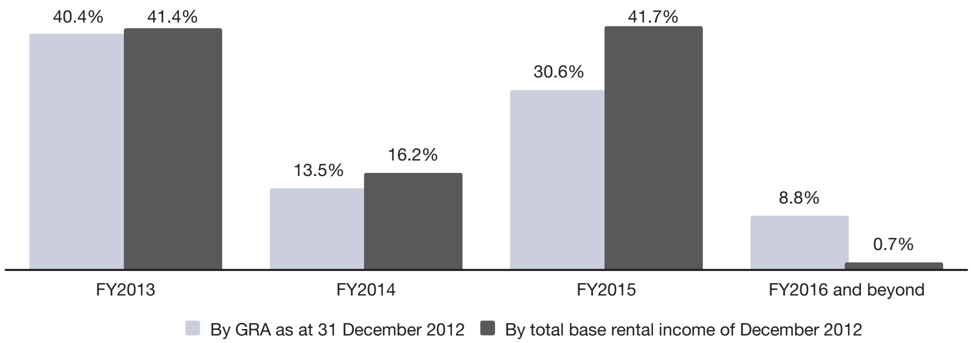


The weighted average lease term to expiry for KITEC and E-Max was approximately 1.8 years as at 31 December 2012. The charts below show the percentage of the total leased GRA of KITEC and E-Max taken up as at 31 December 2012 by leases expiring in the periods shown and the percentage of total base rental income of KITEC and E-Max for the month ended 31 December 2012 attributable to those leases.

Lease expiry profile
KITEC (office)



Lease expiry profile
E-Max (retail)



Rental rate and income

The following table shows the average monthly effective rent, average monthly spot rent and the net rental income of KITEC and E-Max during the Track Record Period.

Average monthly effective rent, average monthly spot rent and net rental income
KITEC (office)

	Average monthly effective rent (per sq. ft.)	Average monthly spot rent (per sq. ft.)	Net rental income (million)
FY2010	HK$ 9.1	HK$ 9.0	HK$57.0
FY2011	HK$ 9.2	HK$ 9.8	HK$57.1
FY2012	HK$ 9.5	HK$12.2	HK$70.3
1HFY2013	HK$10.4	HK$13.4	HK$39.1

In April 2013 and May 2013, the Company signed offer letters with two tenants for the lease of certain office premises at KITEC, which in aggregate amounted to approximately 100,347 sq. ft. of GRA. The rental rate for these two tenancies ranged from approximately HK$20.0 to HK$21.0 per sq. ft. and the tenancies are subject to the execution of formal tenancy agreements with the two tenants.

Average monthly effective rent and net rental income
E-Max (retail)

	Average monthly effective rent (per sq. ft.)	Net rental income (million)
FY2010	HK$5.0	HK$42.5
FY2011	HK$5.8	HK$51.4
FY2012	HK$6.6	HK$58.7
1HFY2013	HK$7.2	HK$32.2

Future asset enhancement

Short term

As part of our “active landlord strategy”, we constantly monitor and evaluate the performance of our tenants and the utilisation of space to maximise the potential return of our leases. For example, we currently have plans to refurbish the basement, ground floor and second floor of E-Max to improve the tenant mix and rental yield by expanding the arcade area with new layouts and enhancing retail floor linkage with better vertical connection. As part of our refurbishment plans, we have relocated, and will relocate, some of our tenants to other areas within E-Max to improve the utilisation of space.

We will relocate the duty free store on the second floor to basement one to make way for general retail stores as this will improve our tenant mix in E-Max and also enable us to achieve higher rental rates. In addition, we have reduced the space leased to the automobile sales and trading mall on the basement to accommodate the relocation of the duty free store and in the process we were able to obtain a higher rental rate from the automobile sales and trading mall. We believe the refurbishment of E-Max will enhance the overall shopping experience for our customers.

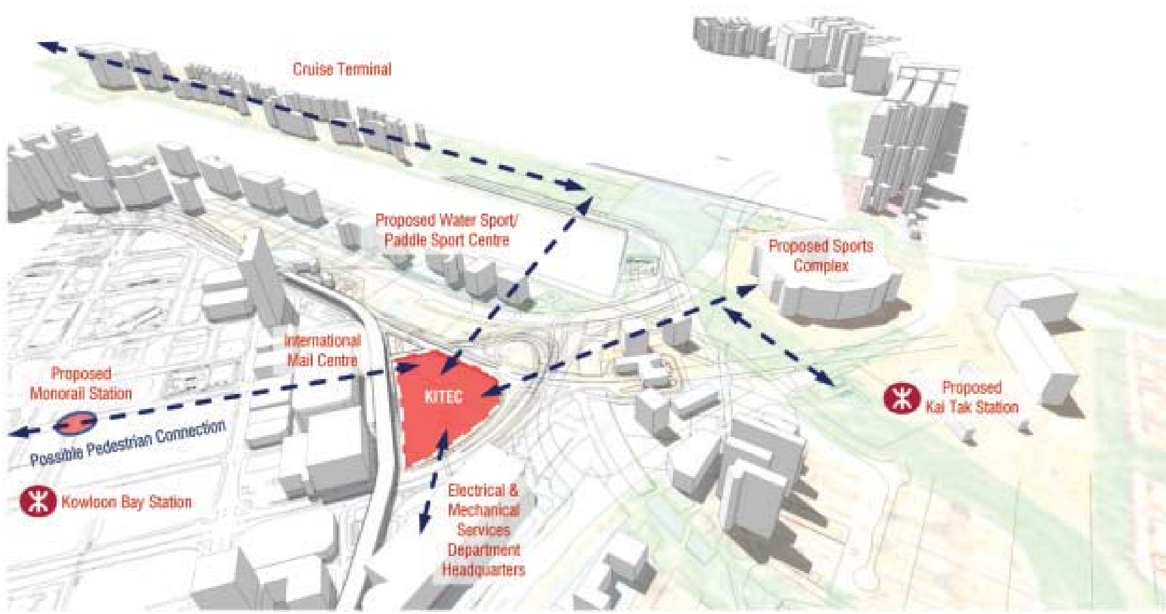
We also plan to reposition E-Max as an entertainment hub to target a younger clientele and have commenced our “E-Max II” refurbishment plan in May 2013. We submitted an application to the Buildings Department to convert the existing bowling alley on the ground floor into a multi-cinema complex. It is currently anticipated that the multi-cinema complex will offer nine cinema houses and a capacity of approximately 1,184 seats which will make it one of the largest cinema complexes in Kowloon Bay. The multi-cinema complex will also include a grand premiere house with approximately 434 seats and a vast functional area at the atrium which can be utilised for major film festivals and events. The conversion of the multi-cinema complex is estimated to be completed in 2014 and we believe that the conversion will draw more crowds to the complex that will benefit E-Max. We received the approval of the Buildings Department for our “E-Max II” refurbishment plan in May 2013.

We also plan to introduce a brand new “live-house” concept performance venue, which is estimated to be completed by 2014. We aim to introduce a greater variety of performance formats and channels to E-Max, which we believe will strengthen E-Max’s position as an entertainment hub.

The total capital expenditure for the refurbishment of the basement, ground floor and second floor of E-Max, “E-Max II” refurbishment plan and the introduction of a “live-house” concept performance venue is expected to be approximately HK$199.6 million, which will be funded from our internal cash flow.

Long term

In light of the Hong Kong Government’s plans to transform Kowloon East into CBD2, we are also currently studying the possibility of redeveloping a certain portion of KITEC given its potential to be redeveloped into an approximately 100 metres tall building from its existing height of approximately 54 metres. We believe that the location of KITEC will potentially become a key traffic hub in the vicinity area where extensive pedestrian networks would be provided to link up the KITEC site with Kowloon Bay MTR station, cruise terminal, Kai Tak MTR station and Kowloon City area. The following depicts an artist’s illustration of the KITEC site in the redevelopment of Kowloon East with other proposed developments. As such, the completed developments may deviate from the depiction.



Source: Ronald Lu & Partners

Property valuation

As at 31 March 2013, KITEC and E-Max were collectively valued at approximately HK$9,345.0 million. For further information, see "*Appendix IV — Property Valuation*".

Tsuen Wan

Tsuen Wan, one of the first three new towns developed in Hong Kong, is located in the southwest New Territories. The town is currently undergoing a redevelopment and transition phase, changing from a traditional manufacturing and industrial base to a hub for residential properties, retail, hospitality and service-based industries. Many old industrial buildings are being redeveloped into new private residential and commercial properties.

Tsuen Wan is a gateway to Hong Kong International Airport on Lantau Island, and one of the major transportation hubs in the western New Territories. Four MTR lines serve the Tsuen Wan district, namely the Tsuen Wan, West Rail, Tung Chung and Airport Express lines, and are complemented by the comprehensive road network which connects the district to various parts of Hong Kong.

Our properties, the Panda Place and Panda Hotel, are well recognised in the Tsuen Wan district. Panda Hotel, the first hotel to open in Tsuen Wan, is a full-service hotel which is complemented by its retail podium, Panda Place. Over the years, we have carried out various asset enhancement plans on both properties and we have proactively modified the tenant mix to target the younger families moving into the district.

Panda Place

Background

Panda Place is a shopping arcade located within Panda Hotel which consists of a five-storey podium and 402 car parking spaces at 3 Tsuen Wah Street in Tsuen Wan, Hong Kong. The retail portion has a total GFA of approximately 229,675 sq. ft. and a total GRA of approximately 230,026 sq. ft. of retail space. Panda Place was completed in March 1991 and initially operated as Yaohan Department Store by Yaohan Department Store (Hong Kong) Limited until its closure in November 1997. Thereafter, the shopping arcade within Panda Hotel continued to operate as a bazaar until September 2005 when we carried out a major revamp project to modernise the premises and renamed it as Panda Place. We believe that the synergy created by Panda Place and Panda Hotel will provide a one-stop shop for our business and individual customers. For more information on Panda Hotel, please refer to "*Business — Hotel, Restaurant and Catering Operation — Hotel — Panda Hotel*" below.

Historical asset enhancements

Through the Group's proactive leasing strategies and promotional activities, we have succeeded in attracting a wide variety of tenants for Panda Place in the food and beverage, fashion and accessories, home design, lifestyle, education and entertainment sectors. In March 2012, Panda Place underwent an extensive renovation programme, which was completed in September 2012, whereby the building facade, interiors and facilities were upgraded together with the reconfiguration of the building's retail space. The renovation was carried out to enhance the competitiveness and rental income of Panda Place by offering visitors a refined shopping experience with a new tenant mix and modern look.

As a result of the revamp to Panda Place, we have improved the tenant mix at Panda Place and in the process, we successfully secured AEON Stores (Hong Kong) Co., Limited, a Japanese department store operator, as an anchor tenant which has committed to lease approximately 120,000 sq. ft. of Panda Place starting from August 2012 and is expected to draw increased visitors to Panda Place. In addition, given that a majority of Panda Hotel's guests are from mainland China and Tsuen Wan has a growing population of younger families, we have tailor-made our trade mix to capture the demands of these visitors and younger demographic. For example, the ground floor of Panda Place has a mix of cosmetics, electrical goods, optical products and watches stores which are targeted at tourists from mainland China. On the three basement levels of Panda Place, together with AEON, we offer a mix of young and trendy lifestyle and fashion shops which meet the needs of local younger families.

Tenancies

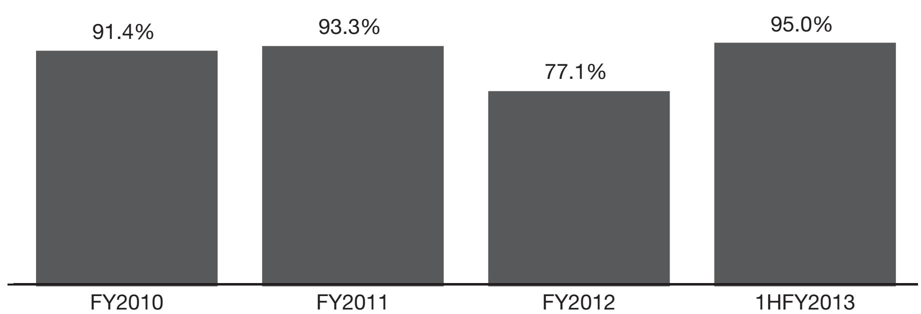
As at 31 December 2012, there were a total of 54 tenants in Panda Place. The five largest tenants (in terms of rental income for the month ended 31 December 2012) in Panda Place were (in alphabetical order):

- A.S. Watson Group (HK) Limited (trading as Fortress);
- AEON Stores (Hong Kong) Co., Limited (trading as AEON);
- Good Peace International Limited (trading as Honorary Family 裕滿人家);
- Sa Sa Cosmetic Company Limited (trading as Sa Sa 莎莎); and
- Sino City Group Limited (trading as Fat Angelo's and Angelo's Pizza).

These five largest tenants contributed approximately 46.2% of the total rental income of Panda Place for the month ended 31 December 2012 and accounted for approximately 64.3% of its total leased GRA as at 31 December 2012.

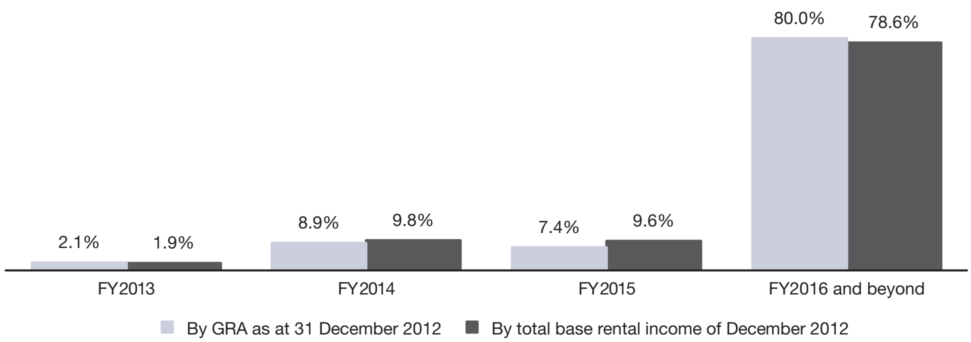
The chart below shows the average occupancy rate of Panda Place during the Track Record Period. The average occupancy rate for 1HFY2013 was approximately 95.0%. The occupancy rate for FY2012 was lower than our usual average occupancy rate over the Track Record Period due to the closure of certain portions of our retail space in Panda Place for renovation in 2012.

Average occupancy rate
Panda Place (retail)



The weighted average lease term to expiry for Panda Place was approximately 7.6 years as at 31 December 2012. The charts below show the percentage of the total leased GRA of Panda Place taken up as at 31 December 2012 by leases expiring in the periods shown and the percentage of total rental income of Panda Place for the month ended 31 December 2012 attributable to those leases.

Lease expiry profile
Panda Place (retail)



Rental rate and income

The following table shows the average monthly effective rent and the net rental income of Panda Place during the Track Record Period.

Average monthly effective rent and net rental income
Panda Place (retail)

	Average monthly effective rent (per sq. ft.)	Net rental income (million)
FY2010	HK$13.3	HK$32.9
FY2011	HK$13.7	HK$35.1
FY2012	HK$15.7	HK$33.2
1HFY2013	HK$12.7[(1)]	HK$ 9.2[(1)]

Note:

(1) The decrease in the average effective rate and net rental income of Panda Place for 1HFY2013 was due to the closure of certain portions of our retail space in Panda Place for renovation works and certain tenants obtaining rent free periods in their tenancies. We expect the net rental income of Panda Place to increase for FY2013 given the reopening of Panda Place.

Property valuation

As at 31 March 2013, Panda Place, the commercial portion of Panda Hotel and the car parking spaces were collectively valued at approximately HK$1,895.0 million. For further information, see "*Appendix IV — Property Valuation*".

HOTEL, RESTAURANT AND CATERING OPERATION

Hotel

Panda Hotel

Background

Being one of the largest hotels in Hong Kong (in terms of number of rooms) and the first hotel to open in Tsuen Wan, Panda Hotel is a full-service hotel, catering to business and leisure travellers. Located at 3 Tsuen Wah Street in Tsuen Wan, Hong Kong, Panda Hotel is adjacent to Tsuen Wan MTR station and is well connected with all major transportation networks. Panda Hotel is committed to providing quality comfort and the best value to its guests and its vision is to provide a "Home Away from Home" for its guests. Over the years, Panda Hotel has become a well-recognised brand in the Tsuen Wan district through its dedication to service and quality.

Panda Hotel was completed in March 1991 and opened in March 1992. It has a total GFA of approximately 424,717 sq. ft. Panda Hotel has a total of 911 contemporary design rooms (856 guest rooms and 55 suites), which are all extensively furnished and fully equipped with modern amenities. There are three types of guests rooms and seven types of suites (including ten theme suites) to cater to a wide variety of guests with different budgets. The size of the guest rooms and suites ranges from 220 sq. ft. to 1,540 sq. ft. Given the large scale of Panda Hotel, we have a track record of working with different sports associations and MICE operators to accommodate large groups. For example, in 2009, Panda Hotel was an event sponsor and one of the official hotels of the East Asian Games where it accommodated approximately 600 athletes and officials from eight countries. Furthermore, in 2012, Panda Hotel was the preferred hotel of the Asia-Pacific Broadcasting Union Asia Pacific Robot Contest 2012 Hong Kong (alias ABU ROBOCON 2012 Hong Kong) where it accommodated 338 players and officials from 15 countries.

Panda Place, a five-storey retail podium which is integrated with Panda Hotel, provides a one-stop shopping destination for our hotel guests and other shoppers. Its wide array of retail, entertainment and restaurants is popular among locals and tourists alike and creates synergy with Panda Hotel. Panda Hotel also features four restaurants serving a variety of Chinese and European cuisines, a business centre, a swimming pool, a health club, a recreation room and a children's playground.

Historical asset enhancement

To maintain Panda Hotel's competitiveness, we have implemented an ongoing guest room renovation with special themes and staff training programme to upgrade the quality of the hotel's services. We have also embarked on a facility upgrading programme in which three floors were converted into executive floors. As a result of our continuous asset enhancement, the HKTB has upgraded Panda Hotel from "medium tariff category" to "high tariff B category" in 2011 under its hotel classification system.

Future asset enhancement

We intend to carry out further enhancement works in 2013 to capture the business traveller segment given the higher yield generated from such guests. We will renovate higher zone guestrooms and further upgrade our facilities. In particular, we are currently carrying out renovations on, and converting, two floors of Panda Hotel to "premium" floors, which will be branded as "Panda Plus" floors and caters to our guests' growing demand for value-added services and features. After the renovation, Panda Hotel will have two executive floors, two "Panda Plus" floors and 15 floors of deluxe rooms. The total capital expenditure for the aforesaid enhancement works is expected to be approximately HK$45.0 million, which will be funded from our internal cash flow.

Occupancy rate and other operating data

The table below shows the average occupancy rate, average daily rate and RevPAR for Panda Hotel during the Track Record Period.

	FY2010	FY2011	FY2012	1HFY2013
Average occupancy rate (%)	84.3	89.5	89.9	93.6
Average daily rate (HK$)	426.0	565.0	700.0	752.0
RevPAR (HK$)	359.0	506.0	629.0	704.0

The table below shows the revenue (room and non-room) for Panda Hotel during the Track Record Period.

	FY2010	FY2011	FY2012	1HFY2013
		(HK$ million)		
Room revenue	131.4	184.8	230.9	129.8
Non-room revenue				
Restaurant and banquet	70.0	78.1	92.9	46.2
Other revenue (laundry services, use of business and service centres, mini bar and foreign exchange)	3.6	3.8	3.8	1.9
TOTAL	**205.0**	**266.7**	**327.6**	**177.9**

The table below shows the revenue generated from tour groups, business travellers and other travellers who stayed at Panda Hotel during the Track Record Period.

	FY2010	FY2011	FY2012	1HFY2013
		(HK$ million)		
Tour groups	39.4	58.7	81.8	50.0
Business travellers	44.0	56.7	64.5	28.0
Other travellers	48.0	69.4	84.6	51.8
TOTAL	**131.4**	**184.8**	**230.9**	**129.8**

The tables below show the average occupancy rates and revenue (room and non-room) for Panda Hotel from FY2003 to 1HFY2013.

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	1HFY2013
Average occupancy rates (%)	65.1	79.6	84.8	87.3	84.4	83.6	79.9	84.3	89.5	89.9	93.6
Revenue (HK$ million)	112.3	148.7	175.4	194.0	197.5	211.5	204.2	205.0	266.7	327.6	177.9

Over the years, we have launched various guest loyalty programmes and hotel promotional activities which increased our guests' loyalty to Panda Hotel. Our Panda Red Carpet reward programme, which was launched in 2004, targets our corporate guests and offers them various privileges and benefits such as advanced booking guarantee and reward points which can be redeemed for gifts.

Awards and accolades

We have received an array of awards and accolades in recognition of Panda Hotel's social commitment, environmental efforts and service excellence:

Social Awards:

- 2009 — Awarded the "*5 Consecutive Years Caring Company 2004-09*" from the Hong Kong Council of Social Service in recognition of our sustainable commitment to corporate citizenship

- 2010 to 2013 — Awarded the "*5 Years Plus Caring Company*" from the Hong Kong Council of Social Service in recognition of our sustainable commitment to corporate citizenship

- 2010 — The first hotel in Hong Kong to win the "*Hong Kong Character Company Award*" by Hong Kong Character City, Shue Yan University and HappyMen Lifestyle Magazine

Green Awards:

- 2009 to 2013 — Panda Hotel became a member of the "*Carbon Audit ● Green Partners*", organised by the Environment Protection Department, which supports the reduction of greenhouse gas emission

- 2009 — The first hotel in Hong Kong to be awarded the "*Certificate of Good Energy Performance*" from the Electrical & Mechanical Services Department

Service Awards:

- 2004 to 2013 — Panda Café receives "*Quality Tourism Services (QTS)*" accreditation from the HKTB

- 2004 to 2013 — Balcony, a modern European restaurant at Panda Hotel, receives "*Quality Tourism Services (QTS)*" accreditation from the HKTB

- 2007 to 2013 — YinYue, a Chinese restaurant at Panda Hotel, receives "*Quality Tourism Services (QTS)*" accreditation from the HKTB

Service Management Team Awards:

- 2010 — Mr. Ng Sze-Yau, the executive chef of Chinese cuisine at Panda Hotel, is named one of the "*Top 10 Chefs by business travellers in Guangzhou, Hong Kong and Macau"* by the Hotel General Manager Association
- 2011 — Ms. Judy Ngar Yee Tsang, General Manager of Panda Hotel, became a member of Commanderie des Cordons Bleus de France in recognition of hotel dining quality
- 2011 — Mr. Ng Sze-Yau became a member of Commanderie des Cordons Bleus de France in recognition of hotel dining quality

Property valuation

As at 31 March 2013, Panda Hotel was valued at approximately HK$3,390.0 million. For further information, see "*Appendix IV — Property Valuation*".

Restaurant, catering operations and others

Our restaurant and catering operations at KITEC are operated by IT Catering & Services Ltd., a wholly-owned subsidiary of the Group, through our convention and exhibition venue and our two restaurants located at E-Max: Xi Shan, a Chinese restaurant which offers dim sum in conjunction with contemporary Chinese Cantonese cuisine, and MENU Restaurant, a western style cafeteria offering a diversity of buffets and a la carte dining. Our banquet venues at KITEC are one of the only three venues in Hong Kong which can accommodate up to 160 tables. We have a variety of venues at KITEC to cater for banquets of different sizes, ranging from ten to 160 tables. We also operate restaurant and catering operations at Panda Hotel. Our restaurant and catering operations take up a GRA of approximately 92,955 sq. ft.

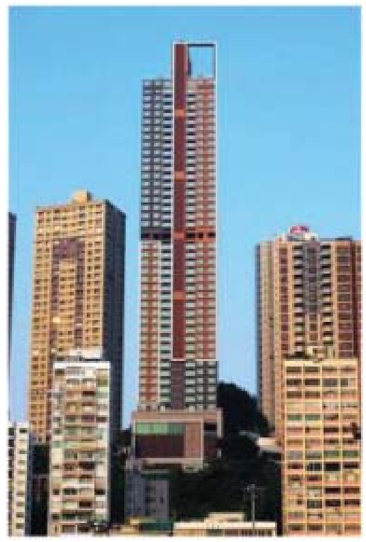
For FY2010, FY2011, FY2012 and 1HFY2013, revenue from our restaurant and catering operations and others (excluding revenue from restaurant and catering operations at Panda Hotel) amounted to approximately HK$121.9 million, HK$121.7 million, HK$133.6 million and HK$52.3 million, respectively. Our revenue remained strong from FY2010 to FY2011, and the increase from FY2011 to FY2012 was mainly attributable to continuous growth in the banqueting business as a result of our flexible pricing strategy, special tailor-made corporate and wedding banquet packages, consistent food and service standards and a diverse choices of venues for different categories of customers.

We strive to maintain quality and consistency in our restaurant and catering operations through the ongoing training and supervision of our personnel and the establishment of standards relating to food preparation, maintenance of facilities and conduct of personnel. We require our personnel to strictly adhere to our standard operating procedures (such as food storage, cleaning and work hygiene, kitchen equipment handling and food quality control) to ensure the flavour, presentation, quality and hygiene standards of our dishes. We also employ hygiene managers in our restaurants and catering outlets to monitor our compliance with the requirements of the Food and Hygiene Department of the Hong Kong Government. During the Track Record Period, the Group's restaurant and catering operations did not experience any material food contamination incidents. To ensure that our hygiene standards are consistently met, we have arranged for our food to be sample tested by an external laboratory on a monthly basis.

PROPERTY DEVELOPMENT

Investment properties held for sale

Broadwood Twelve



Hopewell has been the driving force behind a series of luxury property developments on Broadwood Road in Happy Valley, Hong Kong, which was a little-known narrow trail during the 1970s. Recognising its potential, Hopewell contributed and participated in the development of Broadwood Road, including the widening of Broadwood Road and developing a number of renowned luxury hillside residential projects alongside it.

Broadwood Twelve, the Group's latest property development on Broadwood Road, is a 45-storey luxury residential tower, which faces the Happy Valley racecourse and Victoria Harbour. It has a total GFA of approximately 113,900 sq. ft. and consists of 76 high-end residential units (including two penthouses) with sizes ranging from 1,263 sq. ft. to 2,508 sq. ft. of saleable floor area. The tower also includes 65 car parking spaces. Amenities include an outdoor swimming pool, a jacuzzi, a children's pool, a gymnasium, a children's play room, a function room, sauna and steam rooms and a sky garden.

Broadwood Twelve was completed in June 2010 with a total development cost of approximately HK$691.7 million. Broadwood Twelve was originally intended to be held for rental, targeting the premium residential market. However, having considered the property market conditions, particularly the increase in property prices, and the surge in demand, for luxurious residential units, the Group decided to sell Broadwood Twelve on 24 May 2010. Sales of Broadwood Twelve commenced in June 2010. From June 2010 to 31 March 2013 (inclusive), sales contracts in respect of 58 residential units and 54 car parking spaces have been signed with total sale proceeds amounting to approximately HK$2,616.4 million. The average selling price of the sold units up to 31 March 2013 was approximately HK$33,695 per sq. ft. of saleable floor area.

Broadwood Twelve's high-end residential units have also attracted leasing offers from large and well-known corporations, as well as individual professionals. As at 31 March 2013, seven units out of the remaining 18 unsold residential units are being leased at an average monthly rental rate of about HK$70 per sq. ft. of saleable floor area. These seven leased units are also available for sale.

As at 31 March 2013, the remaining unsold 18 residential units and 11 car parking spaces of Broadwood Twelve were collectively valued at approximately HK$808.8 million. For further information, see "*Appendix IV — Property Valuation*".

Properties under development or held for future development

The table below shows the GFA and other information of our properties under development or held for future development as at 31 March 2013. Valuations in the table below in respect of each property are disclosed on an attributable basis (or by reference to our economic interest).

Properties under development	Total planned GFA/ Approximate GFA (in sq. ft.)	Number of hotel rooms (planned)	Number of car parking spaces (planned)	Attributable to the Group (%)	Construction commencement date for properties under development	Expected completion	Estimated total development cost (HK$ million)	Total investment costs incurred up to 31 March 2013 (HK$ million)	Attributable independent valuation as at 31 March 2013 (HK$ million)
Hopewell Centre II				**100%**	**End of 2012(1)**	**2018**	**9,000.0**	**4,235.1**	**8,945.0**
Hotel	758,735	1,024	N/A						
Retail	298,648	N/A	N/A						
Office	36,960	N/A	N/A						
Car park	N/A	N/A	168						
200 Queen's Road East Project(2)				**50%(3)**	**May 2010**	**2015**	**9,000.0**	**7,350.1(4)**	**4,417.5**
Residential	731,000	N/A	N/A						
Retail	86,000	N/A	N/A						
Car park	N/A	N/A	215						
Properties held for future development									
Exposed Amalgamation Properties									
Entire property situated at 155-159 Queen's Road East, Wan Chai	9,725	N/A	N/A	**100%**	**N/A**	**N/A**	**N/A**	**215.8**	**217.0**
Part of property situated at 161-167 Queen's Road East, Wan Chai	17,804	N/A	N/A	**100%**	**N/A**	**N/A**	**N/A**	**179.9**	**325.0**
Unexposed Amalgamation Property	16,380	N/A	N/A	**100%**	**N/A**	**N/A**	**N/A**	**N/A**	**224.5**

Notes:

(1) Site preparation work of Hopewell Centre II commenced at the end of 2012.

(2) Total GFA includes 18,000 sq. ft. to be handed over to the URA upon completion.

(3) The 200 Queen's Road East Project is a 50:50 joint venture between the Group and Sino Land.

(4) Excluding capitalised finance costs and showflat costs.

Hopewell Centre II

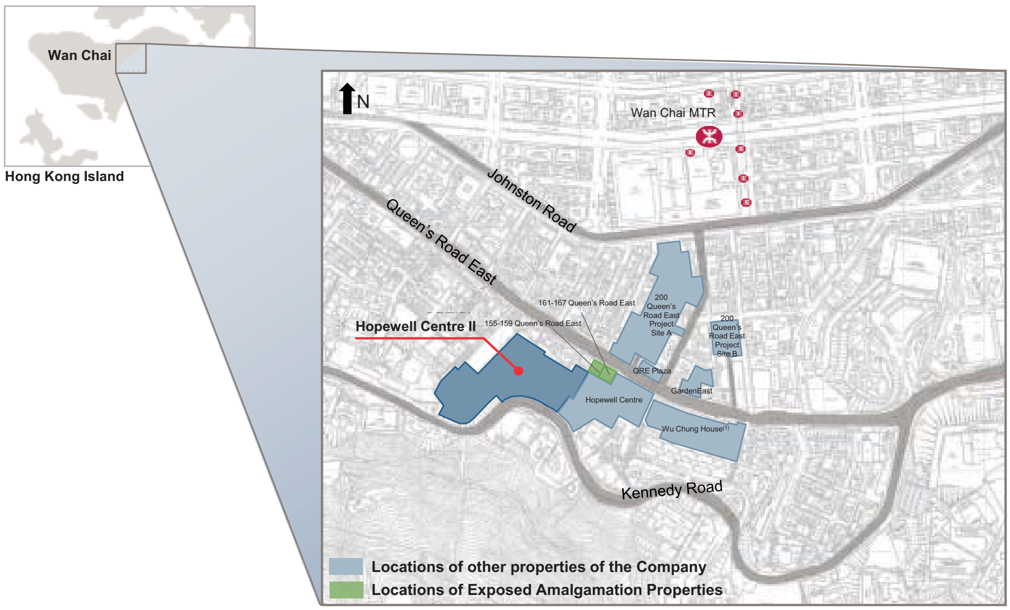
Hopewell Centre II is a development site of approximately 105,918 sq. ft. located in Wan Chai, Hong Kong, which is conveniently located to our existing investment properties and transportation network. On 25 July 2012, the Group accepted a land exchange offer for the development site from the Hong Kong Government to develop Hopewell Centre II. The surrendered land involved in the land exchange is located at, or in the nearby areas of, Ship Street, Kennedy Road and Hau Fung Lane in Wan Chai. The re-granted land is also located in the same area and the Group paid approximately HK$3,726 million as land premium for the land exchange in October 2012.

Hopewell Centre II is expected to be a 55-storey mixed-use development, which will be linked with our existing properties, Hopewell Centre and QRE Plaza, and is expected to comprise a large-scale conference hotel with over 1,000 guest rooms, a retail podium, office space and 168 car parking spaces. Upon completion, it is anticipated that the total GFA of Hopewell Centre II will be approximately 1,094,343 sq. ft. Hopewell Centre II is specifically designed to be a dedicated conference hotel and will be one of the largest hotels in Hong Kong (in terms of number of rooms) with comprehensive conference facilities given the increasing number of visitors to Hong Kong. We are considering various options for operating the hotel within Hopewell Centre II, including engaging a leading hotel operator. We believe that the completion of the hotel will enhance our position as one of the major players in the Hong Kong hotel sector and place us as one of the major private convention and exhibition operators in Hong Kong. The hotel will also strengthen Hong Kong's status as a convention and exhibition destination, while making Wan Chai an even more vibrant commercial centre.

The development of Hopewell Centre II forms part of the Group's pedestrian walkway proposal for Wan Chai, which will provide a convenient pedestrian connection between the Kennedy Road residential area in the Mid-Levels, Wan Chai MTR station and Wan Chai North, via Hopewell Centre, Hopewell Centre II and the 200 Queen's Road East Project. This will assist with the integration of parts of the Wan Chai district and will provide access to our properties under "The East" brand. It will also synergise with the Group's current property portfolio in Wan Chai, enhance its recurrent income base and align with our aim to be a leader in the redevelopment of Wan Chai. A map of the proposed pedestrian walkway is shown in "*Business — Investment Property Portfolio — Investment Property under Development or Held for Future Development — 200 Queen's Road East Project*" below.

Site preparation work of Hopewell Centre II commenced at the end of 2012 and the construction work is expected to be completed in 2018.

A map showing the location of Hopewell Centre II is set out below.



Note:

(1) Our interests in Wu Chung House comprise six retail shops located on the ground and second floors and 80 car parking spaces. Our six retail shops have a total GRA of approximately 17,738 sq. ft.

The following table shows the expected mix of space for Hopewell Centre II:

	Expected GFA (sq. ft.)
Hotel	758,735
Retail	298,648
Office	36,960
Car park (168 spaces)	N/A
TOTAL for hotel, retail and office	**1,094,343**

The estimated total investment cost for Hopewell Centre II is expected to be approximately HK$9,000.0 million, which also includes an estimated investment cost for a road improvement scheme, a green park open to the public, and an extensive tree-planting plan. The road improvement scheme will help to solve the area's traffic problems and enhance the safety of pedestrians, while the green park will provide a venue for public recreation and enjoyment. As at 31 March 2013, the total investment costs incurred by a subsidiary of the Group for Hopewell Centre II was approximately HK$4,235.1 million. The remaining development cost will be financed by net proceeds from the Global Offering, our internal resources and/or external bank borrowings.

As at 31 March 2013, Hopewell Centre II was valued at approximately HK$8,945.0 million. For further information, see "*Appendix IV — Property Valuation*". The capital value of the property as if completed on 31 March 2013 was approximately HK$17,831.0 million.

200 Queen's Road East Project (The Avenue, Avenue Walk)

The 200 Queen's Road East Project is a URA redevelopment project comprising residential, retail and public-use elements in Wan Chai, Hong Kong. The project aims to highlight the area's distinctiveness by incorporating redevelopment, heritage conservation, revitalisation and green elements, which are in line with the Company's sustainability philosophy.

On 15 June 2009, Grand Site, as the project company and tenderer, submitted the tender offer for the 200 Queen's Road East Project (the "**Tender Offer**") to the URA on behalf of the consortium formed jointly by Hopewell and Sino Land. We have partnered up with Sino Land in the 200 Queen's Road East Project given its reputation for developing and managing quality residential and commercial developments which is complementary to our strong asset management and experience in the Wan Chai area. Grand Site is a joint venture project company, which is held in equal shares by Linford Investments Limited, an indirect wholly-owned subsidiary of the Company, and Mega Sino Limited, an indirect wholly-owned subsidiary of Sino Land. Following the acceptance of the Tender Offer on 23 June 2009 by the URA, the Company and Sino Land jointly hold and develop the 200 Queen's Road East Project through their respective 50:50 shareholding in Grand Site.

On 14 July 2009, Grand Site and the URA entered into the Development Agreement for the development of the 200 Queen's Road East Project. On the same date, a guarantee was entered into by each of Hopewell and Sino Land in favour of the URA under which each of them agreed to guarantee on a several basis the obligations of Grand Site under the Development Agreement; and a funding agreement was also entered into at the same time by Grand Site, Hopewell, Sino Land and the URA, under which each of Hopewell and Sino Land agreed to provide the necessary funds to the URA or such third parties as the URA shall specify, in the event that the Development Agreement is terminated prior to the completion of the development of the 200 Queen's Road East Project or in the event of, among others, the liquidation, winding-up or dissolution of Grand Site or failure by Grand Site to perform its material obligations, provided that the respective liability of each of the Company and Sino Land under this Funding Agreement shall not in any event exceed 50%.

On 30 April 2010, Linford, Mega Sino, Hopewell, Sino Land and Grand Site entered into a shareholders' agreement (the "**Grand Site Shareholders' Agreement**") to regulate the management and activities of Grand Site.

Business of Grand Site

The Grand Site Shareholders' Agreement provides that unless otherwise unanimously agreed by the shareholders of Grand Site, the business of Grand Site is solely the entering into, performance and enforcement of the Development Agreement and documents ancillary thereto, and the possession of, investment in and development of the 200 Queen's Road East Project.

The approval of all the shareholders of Grand Site is required to authorise Grand Site to do certain things including, but not limited to, the allotment of further shares (except on a pro rata basis to existing shareholders), the variations of any rights attached to the shares in Grand Site, the distribution of any profits to shareholders as dividend before repayment of the shareholders' loans, and any merger, amalgamation, restructuring or winding-up of Grand Site.

Means of funding

The Grand Site Shareholders' Agreement provides that the funding requirements of Grand Site are to be met by one or more of the following ways as unanimously resolved by the directors of Grand Site: (a) by means of advances from banks and/or financial institutions, with security, guarantee and other support to be provided by the shareholders on a pro rata several basis or (b) by advances from or procured by each of the shareholders on a pro rata basis by means of shareholders' loans.

Board of directors of Grand Site

According to the Grand Site Shareholders' Agreement, the board of directors of Grand Site shall be responsible for the management of the business of Grand Site. The board of directors of Grand Site consists of six directors. Linford and Mega Sino are each entitled to appoint three directors to the board of directors of Grand Site.

The quorum for board meetings of Grand Site shall be at least two directors (or their respective alternates) of whom at least one shall be nominated by each of Linford and Mega Sino. No business shall be transacted at any board meeting of Grand Site unless a quorum is present.

At any meeting of the board of directors of Grand Site, each director shall have one vote, and all matters put to the board and all resolutions passed thereat shall be decided by a simple majority of votes.

Executive committee of Grand Site

A committee (the "**Executive Committee**") responsible for overseeing and monitoring the 200 Queen's Road East Project, including the day-to-day administration and management of the project has been formed. The Executive Committee shall report to the board of directors of Grand Site and comprises four members. Linford and Mega Sino are each entitled to appoint two members to the Executive Committee.

The quorum for meetings of the Executive Committee shall be at least two members (or their respective alternates) of whom at least one shall be nominated by each of Linford and Mega Sino. No business shall be transacted at any meeting of the Executive Committee unless a quorum is present.

At any meeting of the Executive Committee, each member shall have one vote, and all matters put to the Executive Committee and all resolutions passed thereat shall be decided by a simple majority of votes. If there is equality of votes in the Executive Committee, the matter concerned shall be referred to the board of directors of Grand Site to decide.

Transfer of shares and shareholders' loans

The Grand Site Shareholders' Agreement provides that the shareholders of Grand Site shall not sell, dispose or create an encumbrance over its Grand Site shares or shareholders' loans owing to or procured by it unless the prior written consent of the other shareholder has been obtained or it was by way of security in respect of the borrowings of the Company from banks and/or financial institutions as unanimously resolved by the board of Grand Site. Furthermore, each of Hopewell and Sino Land (as guarantors) are required to procure that the entire share capital of Linford and Mega Sino respectively are at all times beneficially owned by it free from encumbrances except with the prior written consent of the other guarantor.

Guarantee

Under the Grand Site Shareholders' Agreement, each of Hopewell and Sino Land guarantees the due observance and performance by Linford and Mega Sino respectively of all its obligations under the Grand Site Shareholders Agreement.

Distribution of proceeds and disposal of property

The Grand Site Shareholders' Agreement provides that Grand Site shall, as soon as practicable and to the extent permissible under applicable laws and the terms of any financing provided by banks and/or financial institutions, distribute to the shareholders of Grand Site in such amount as resolved by the board of Grand Site the proceeds from any sale or leasing of the 200 Queen's Road East Project in proportion to the shareholders' interest in Grand Site.

Furthermore, if any parts or units of the 200 Queen's Road East Project are vested in Grand Site by the URA pursuant to the provisions of the Development Agreement and such parts or units are not sold before a date agreed by all the shareholders of Grand Site, then provided that all the borrowings of Grand Site from banks and financial institutions have been fully repaid, any such unsold parts or units shall (unless the shareholders agree otherwise) be:

(a) allocated to the lenders of shareholders' loans (in satisfaction of any outstanding shareholders' loans unless the shareholders agree that the shareholders' loans shall be repaid or discharged by other manner), and thereafter

(b) distributed in specie to the shareholders of Grand Site,

on such fair and reasonable basis and at such time as all the shareholders may unanimously decide.

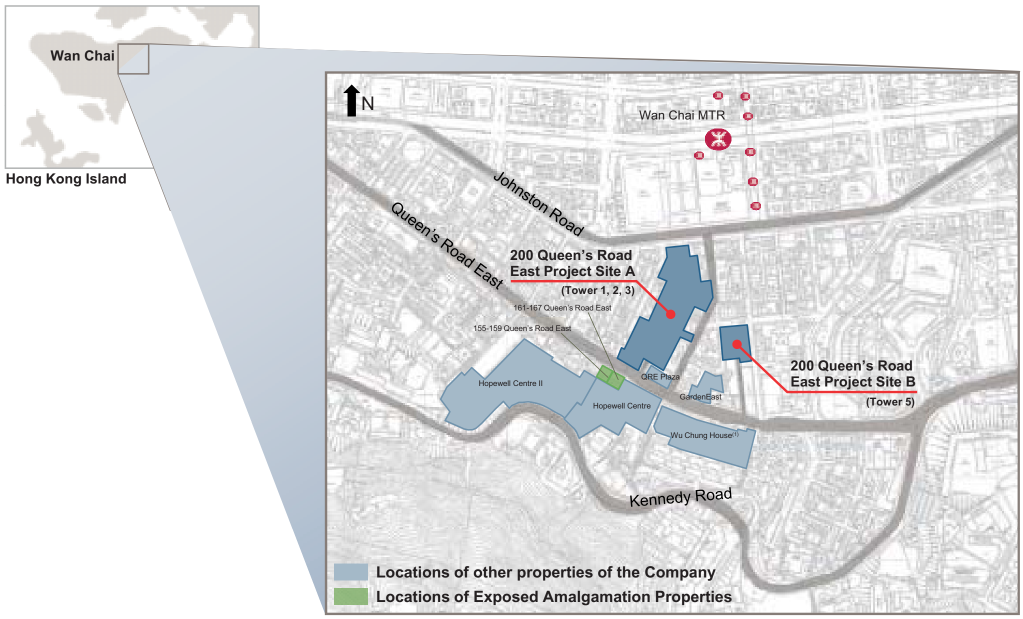
The estimated total development cost for the 200 Queen's Road East Project is expected to be approximately HK$9,000.0 million (or approximately HK$4,500.0 million on an attributable basis). As at 31 March 2013, approximately HK$7,350.1 million in development costs (excluding capitalised finance costs and showflat costs) have been incurred in respect of the project.

On 8 July 2011, Grand Site executed a facility agreement and security documents in relation to loan facilities of up to an aggregate principal amount of HK$5,000 million. As at 31 March 2013, we have already advanced approximately HK$2,225.7 million to Grand Site to finance the development cost of the 200 Queen's Road East Project. The remaining development cost will be funded by the bank borrowings drawn under the existing loan facilities of Grand Site. Based on the foregoing, we do not expect to advance additional funds to Grand Site to settle any remaining development cost.

Upon completion of the Global Offering, Linford will cease to be an indirect wholly-owned subsidiary of Hopewell (the "**Shareholding Change**"). Under the Grand Site Shareholders' Agreement, the guarantee, the facility agreement and security documents mentioned above, the Shareholding Change requires the prior consent of Sino Land, the URA and the lenders. Hopewell has already obtained the necessary consents to the Shareholding Change from URA, Sino Land and the lenders subject to, among others, the Listing.

The 200 Queen's Road East Project comprises two sites situated at Lee Tung Street (Site A) and McGregor Street (Site B). The whole project will consist of a mix of residential and retail components, comprising four residential towers of approximately 1,300 units, a retail portion and public open space of approximately 37,000 sq. ft. The residential portion is known as "The Avenue". Site A comprises three residential towers, a retail portion and public open space whilst Site B comprises one residential tower with community facilities.

A map showing the location of the 200 Queen's Road East Project is set out below.



Note:

(1) Our interests in Wu Chung House comprise six retail shops located on the ground and second floors and 80 car parking spaces. Our six retail shops have a total GRA of approximately 17,738 sq. ft.

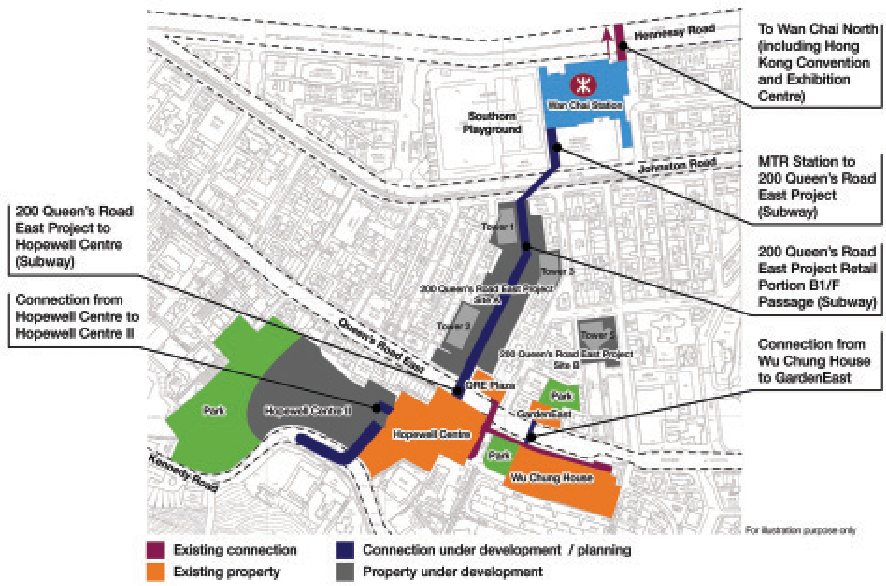
Note:
Site A of 200 Queen's Road East Project (as at 11 May 2013)

Note:
Site B of 200 Queen's Road East Project (as at 11 May 2013)

The retail portion of the 200 Queen's Road East Project, which is known as "Avenue Walk", will create a new high-end retail neighbourhood, which comprises a mixture of shops and restaurants exhibiting the "east-meets-west" culture of Hong Kong. The retail portion aims to create a street-shopping experience along a tree boulevard for consumers with its fusion of western and oriental architecture. The project also involves the conservation of three pre-war shophouses with Chinese and Western architectural features located at 186-190 Queen's Road East, Wan Chai, Hong Kong. These shophouses have been identified as Grade III Historical Buildings by the Antiquities and Monuments Office in Hong Kong.

A subway link, forming the core of the Wan Chai pedestrian walkway, will also be constructed which provides a seamless connection to one of the two sites of the 200 Queen's Road East Project to Wan Chai MTR station and the provision of certain government, institution and community facilities and public open space. The subway link will link our future projects with our existing investment properties as well as linking up Wan Chai South and Wan Chai North. We believe this new pedestrian network in Wan Chai will generate increased traffic to the area. A map of the subway link is shown below:

Proposed Wan Chai Pedestrian Walkway



The 200 Queen's Road East Project covers a total site area of approximately 88,500 sq. ft. and a GFA of approximately 835,000 sq. ft. The following table shows the expected mix of space for the project:

	Expected GFA (sq. ft.)
Residential	731,000
Retail	86,000
Car park (215 spaces)	N/A
TOTAL for residential and retail (including 18,000 sq. ft. to be handed over to the URA)	**835,000**

The retail component (Site A) of the 200 Queen's Road East Project is to be held for leasing or licensing until it is sold at the discretion of the URA subject to certain holding periods. The net rental income and sales proceeds derived from the retail component will be shared between the URA and Grand Site at a ratio of 40:60, respectively. The residential component (Sites A and B) of the project is to be developed for sale. The portion of the sales proceeds of up to HK$6,200 million will belong to Grand Site whereas the portion of the sales proceeds which exceeds HK$6,200 million will be shared between the URA and Grand Site in equal shares. The development of the 200 Queen's Road East Project will provide us with a new income source from 2013 onwards with proceeds generated from the sale of the residential component and recurring rental income from the retail component.

Construction of the 200 Queen's Road East Project commenced in May 2010 and superstructure work on the sites is currently in progress. Upon completion, the retail component of the project is expected to have a GFA of approximately 86,000 sq. ft. Pre-sales of the residential units are expected to commence in or around the third quarter of 2013. Both residential and retail components of the project are expected to be completed in 2015.

As at 31 March 2013, the sites for the 200 Queen's Road East Project were valued at approximately HK$8,835.0 million (or approximately HK$4,417.5 million on an attributable basis). For further information, see "*Appendix IV — Property Valuation*". The capital value of the property as if completed on 31 March 2013 attributable to Grand Site was approximately HK$12,644.0 million (or approximately HK$6,322.0 million attributable to the Group).

In November 2012, the 200 Queen's Road East Project was awarded a provisional BEAM "Platinum Standard" certificate by the Hong Kong BEAM Society for meeting the standards established under the Building Environmental Assessment Method (BEAM) for New Buildings. Such accolade demonstrates our commitment and efforts to environmental considerations.

Amalgamation Properties

We have acquired individual units in several sites in Hong Kong, which are being reserved for future development and are referred to in this prospectus as Amalgamation Properties. The assembly of Amalgamation Properties into sites is part of our strategy for the acquisition of land reserves in strategic locations for future development. We believe that the assembly and subsequent development of the Amalgamation Properties could generate attractive investment returns.

Details of individual units comprising the Unexposed Amalgamation Properties are highly confidential and commercially sensitive. Any disclosure of the details of the Unexposed Amalgamation Properties, in particular their location, would likely make it impossible for us to complete the site amalgamations on commercially viable terms, if at all, and would thereby render our acquisitions of the Unexposed Amalgamation Properties futile. 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, would not fit our investment criteria. Therefore, if details of the Unexposed Amalgamation Properties are disclosed, we may be required to dispose of such Unexposed Amalgamation Properties, potentially realising a loss. The loss of these potentially attractive investment opportunities and any potential losses that may arise as a result of disclosure will cause serious economic disadvantage to us. Accordingly, the Directors have confirmed that any disclosure of the details of the Unexposed Amalgamation Properties will be to the serious detriment of, and prejudicial to, the interests of the Company, Hopewell and the current and future Shareholders and Hopewell Shareholders as a whole.

Given the importance of keeping the details of the Unexposed Amalgamation Properties confidential, we have put in place measures to ensure that the identity of individual properties comprising the Unexposed Amalgamation Properties is kept highly confidential even within the Company.

There is a small group of people within the Company (currently eight) involved in the acquisition process of the Amalgamation Properties, being:

(i) executive Directors (currently two);

(ii) a team of members (the "**Acquisition Team**") (currently four) who are responsible for the acquisition of individual properties comprising the Amalgamation Properties (the "**Acquisitions**"); and

(iii) accountants within the accounts department of the Company (currently two) who are responsible for settling costs in relation to the Acquisitions.

At least one member of the above small group is a professionally qualified surveyor who is subject to the discipline of a professional body and is also responsible for carrying out the internal valuation of the Unexposed Amalgamation Properties.

We have sought to ensure that other than the executive Directors referred to above, within the Company, only the Acquisition Team which is responsible for the Acquisitions and the accountants within the accounts department of the Company who are responsible for settling costs in relation to the Acquisitions are aware of the identities of individual properties comprising the Unexposed Amalgamation Properties. The information is further segregated among the Acquisition Team to minimise the risk of disclosure and leakage. Attendance at meetings to discuss the Acquisitions is limited to the executive Directors referred to above and the Acquisition Team. Lastly, we have not given, and will not give, any information about the Unexposed Amalgamation Properties to any professional investors or analysts other than the information contained in this prospectus.

Unexposed Amalgamation Properties comprise only the properties acquired and held in confidence by us for the purpose of site amalgamation which have remained confidential in the market. We have taken steps (and will continue to take steps from time to time) to identify the individual properties comprising the Unexposed Amalgamation Properties portfolio which are an "open secret" in the market and remove these properties from the Unexposed Amalgamation Properties portfolio. It is to be noted that there will be frequent speculations that we are acquiring properties, and such speculation may at times reference a building where the Group is assembling units, a broad geographic area where the Group holds undeveloped lots, a building in which the Group does not own any units or which is not in fact one that has been targeted by the Group. However, mere speculation, even if it correctly references a target building, needs to be distinguished from situations when the public has sufficient information for the property to be considered rightly as being an "open secret", for example when the public has knowledge of the confirmed address of a property and the extent of our ownership interest in the relevant property. Where (i) Unexposed Amalgamation Properties have been identified as "open secrets" on or before the Latest Practicable Date; or (ii) where any site amalgamation has been completed on or before the Latest Practicable Date, such Unexposed Amalgamation Properties or amalgamated sites have ceased to be part of the Unexposed Amalgamation Properties portfolio and where required under the Listing Rules and the Companies Ordinance, have been disclosed in this prospectus and covered by the property valuation report as set out in "*Appendix IV — Property Valuation*".

The Joint Sponsors have performed the following due diligence on the Amalgamation Properties portfolio:

(a) the list of properties in the Amalgamation Properties portfolio were disclosed to two representatives from each of the Joint Sponsors, who then conducted online searches through a news database for relevant news to ascertain whether the ownership of the Unexposed Amalgamation Properties can be found in the public domain;

(b) the Joint Sponsors have obtained written confirmation from us on the strict protocols which we have put in place to keep the identities of the Unexposed Amalgamation Properties confidential in relation to:

   (i) our definition of Unexposed Amalgamation Properties;

   (ii) the number of people who are involved in the acquisition of the properties in the Amalgamation Properties portfolio;

   (iii) our procedure to ensure the confidentiality of the Unexposed Amalgamation Properties; and

   (iv) the information required to be leaked out about the Unexposed Amalgamation Properties to be considered as an "open secret" and therefore excluded from the Amalgamation Properties portfolio and to be included in the property valuation reports,

(collectively, the "**Due Diligence Process**").

Based solely on their findings from the Due Diligence Process undertaken, to the best knowledge of the Joint Sponsors, the Joint Sponsors have not been able to identify any ownership information of the individual properties comprising the Unexposed Amalgamation Properties in the public domain. The Joint Sponsors are of the view that there is no omission of material information regarding the Amalgamation Properties in this prospectus and that the current disclosure of the Amalgamation Properties in this Prospectus should be sufficient for investors to make an informed assessment of the Company's business and prospects as a whole.

Unexposed Amalgamation Properties

As at the Latest Practicable Date, the Unexposed Amalgamation Properties comprised of several units within a total of eleven buildings located on Hong Kong Island, Hong Kong which were for residential, office and/or retail use. All these units are 100% owned by us and held through our wholly-owned subsidiaries. The Unexposed Amalgamation Properties have not been valued by any independent valuer for the purpose of the audited consolidated accounts of the Company and those of Hopewell. Instead, the acquisition costs of the Unexposed Amalgamation Properties have been reflected in the audited combined statements of financial position of the Group, as set out in "*Appendix I — Accountants' Report*", and were valued internally by professionally qualified surveyors who are members of the Hong Kong Institute of Surveyors (MHKIS) and/or members of the Royal Institution of Chartered Surveyors (MRICS).

As at 31 March 2013, the Unexposed Amalgamation Properties had a total GFA of approximately 16,380 sq. ft. and our internal valuation of the Unexposed Amalgamation Properties were approximately HK$224.5 million, which represented less than approximately 0.5% of the total value of the properties attributable to the Group as at 31 March 2013 as disclosed in "*Appendix IV — Property Valuation*". Such valuation was based on the market values of the Unexposed Amalgamation Properties which were assessed by using direct comparison method assuming the sale of the Unexposed Amalgamation Properties in their existing state and use by making reference to the relevant comparable sales transactions as available in the market. The market values of the Unexposed Amalgamation Properties mean the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. In light of the foregoing, the Directors are of the view that the individual properties comprising the Unexposed Amalgamation Properties, individually and in aggregate, form an insignificant part of the Group's total assets. The Joint Sponsors concur with such views of the Directors.

According to the Group's audited combined statements of financial position set out in "*Appendix I — Accountants' Report*", the Group's total assets as at 31 December 2012 was approximately HK$36,569.2 million. As at 31 December 2012, the carrying amount (within the meaning of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) (the "**Exemption Notice**") and Chapter 5 of the Listing Rules) of the Unexposed Amalgamation Properties (excluding two units which were acquired subsequent to 31 December 2012) was approximately HK$129.2 million. The acquisition cost of the two units comprised in the Unexposed Amalgamation Properties which were acquired subsequent to 31 December 2012 is approximately HK$15.1 million. As such, the aggregate carrying amount of the Unexposed Amalgamation Properties represents approximately 0.39% of the Group's total assets as at 31 December 2012. Our Directors confirm that each individual Unexposed Amalgamation Property has a carrying amount of below 1% of the Group's total assets as at 31 December 2012; and the total carrying amount of the Unexposed Amalgamation Properties does not exceed 10% of the Group's total assets as at 31 December 2012.

In light of the above, pursuant to section 6(2) of the Exemption Notice, save and except the disclosure as set out in "*Appendix IV — Property Valuation*", this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies Ordinance, which requires a valuation report to be prepared in respect of all our interests in land or buildings. Pursuant to Chapter 5 of the Listing Rules, this prospectus is not required to include valuations of, and information on, the Unexposed Amalgamation Properties.

Exposed Amalgamation Properties

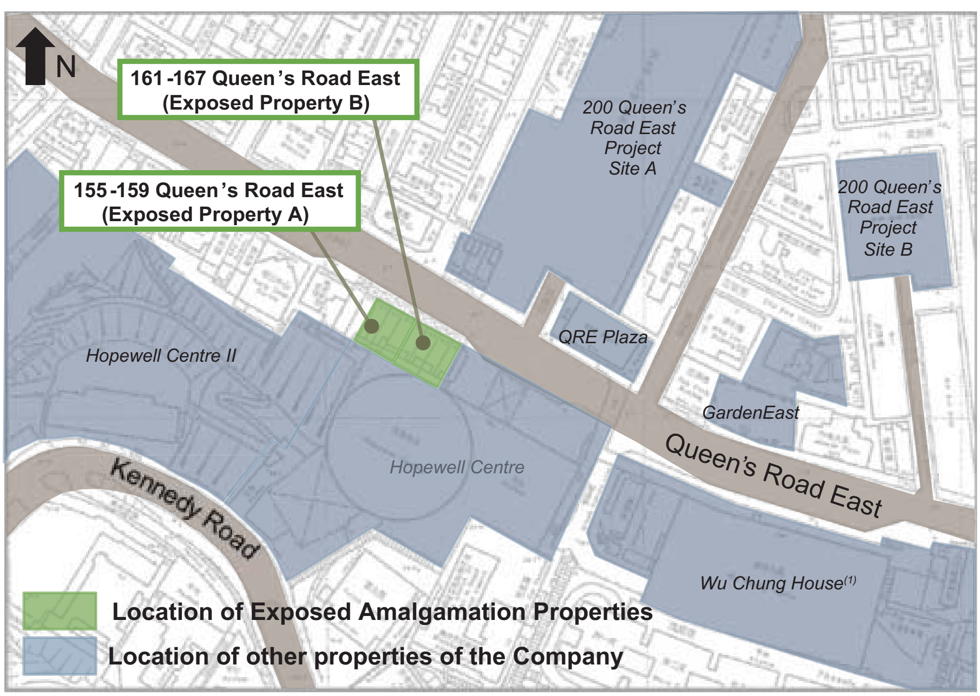
Within the Amalgamation Properties portfolio, there are two groups of properties (with street-level retail space) (collectively, the "**Exposed Amalgamation Properties**"), which we had acquired either 100% or more than 90% of the undivided shares of the lots of land on which the Exposed Amalgamation Properties are situated, respectively.

The Exposed Amalgamation Properties, which together with the Unexposed Amalgamation Properties constitute 100% of the Amalgamation Properties portfolio as at 31 March 2013, consist of:

(a) the entire property situated at 155-159 Queen's Road East, Wan Chai, Hong Kong (the "**Exposed Property A**"); and

(b) part of the property situated at 161-167 Queen's Road East, Wan Chai, Hong Kong (the "**Exposed Property B**").

A map of the Exposed Amalgamation Properties is shown below:



Note:

(1) Our interests in Wu Chung House comprise six retail shops located on the ground and second floors and 80 car parking spaces. Our six retail shops have a total GRA of approximately 17,738 sq. ft.

As at 31 March 2013, Exposed Property A has a total site area of approximately 2,148 sq. ft. and a total GFA of approximately 9,725 sq. ft. We own the legal and beneficial interest of the entire undivided shares of the three lots of land on which Exposed Property A is situated. As at 31 March 2013, Exposed Property A was valued at approximately HK$217.0 million. For further information, see "*Appendix IV — Property Valuation*".

As at 31 March 2013, Exposed Property B has a total site area of approximately 2,847 sq. ft. The units of Exposed Property B that had been acquired by us, as at 31 March 2013, have a total GFA of approximately 17,804 sq. ft. and represent on average approximately 93.3% of the undivided shares of the three lots of land on which Exposed Property B is situated. Our level of interest in Exposed Property B allows us to apply to the Lands Tribunal for a compulsory order for the sale of the whole building for the purpose of redevelopment pursuant to the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong). As at the Latest Practicable Date, we were in the process of preparing the relevant application to the Lands Tribunal. As at 31 March 2013, Exposed Property B was valued at approximately HK$325.0 million. For further information, see "*Appendix IV — Property Valuation*".

The successful assembly of the Exposed Amalgamation Properties is reflective of our strategy to acquire land reserves in strategic locations which we believe will enhance the cluster effect of our investment properties in Wan Chai. Given their proximity to Hopewell Centre and Hopewell Centre II, we expect the Exposed Amalgamation Properties to bring synergy to our existing and future developments in the area. At the present moment, we are still formulating the redevelopment plan for the Exposed Amalgamation Properties and do not have any concrete plans on the future usage of the Exposed Amalgamation Properties.

BRANDING

We believe that the "Hopewell" brand represents one of our most important assets and through our 40 years' heritage and our branding campaigns, our brand has come to symbolise quality, innovation and excellence. For example, Hopewell Centre, an iconic landmark in Hong Kong, has become synonymous with the Wan Chai district and is well known for its high utilisation rates which is representative of our past and current property projects in Hong Kong. In December 2012, our "Hopewell" brand was awarded "Hong Kong's 100 Most Influential Brands of the Year 2012" by World Brand Laboratory.

Through our ongoing brand management, we have maintained a solid presence in Hong Kong and there is a high level of brand awareness of our portfolio of prominent and high quality properties. We have created and launched "The East" as a brand for a dining and entertainment community in Wan Chai in December 2007, which we expect to drive the redevelopment of Wan Chai and position our properties well with the evolving demographics of the area. Our brand is further strengthened by our well-established relationships with a diverse range of reputable tenants, which makes us their partner of choice.

COMMERCIAL PROPERTY

Our commercial property division focuses on driving the performance of our portfolio of commercial properties for investment purposes through meticulous planning, implementation and monitoring to deliver enhanced investment returns. Our asset management team, working closely with the leasing team and property management team, identifies lease restructuring, refurbishment and redevelopment opportunities and formulates marketing and service strategies that drive brand advocacy.

In determining when asset enhancement works are carried out on our investment properties, our asset management team considers a number of factors such as whether the asset enhancement works: (i) are in line with our Group's strategic development plan; (ii) can unlock the potential value of our investment properties and increase their competitiveness; (iii) can upgrade our investment properties' image and market position; or (iv) are consistent with our corporate social responsibility such as our commitment to promote environmental protection and lower carbon emission and energy usage.

Leasing is conducted either directly or through the appointment of agents. We also use a proprietary LIS, which was developed internally and deployed in 2004 to facilitate the monitoring of occupancy rates, rental rates, tenancy duration and other key operating data. Our LIS is also used for the forecasting of future rental and market trends and is upgraded regularly to cater for evolving business needs.

Our property and facility management team services our properties and their tenants and users. We maintain and upkeep our property assets in a secure, cost-effective and environmentally sound manner aimed at the long-term sustainable preservation of the assets. Our works include the preparation of operating budgets, cost control and provision of building maintenance and security services. We employ independent contractors to provide cleaning and larger-scale building maintenance services. Integration of our leasing and property management functions enable emphasis to be placed on long-term value creation and relationships.

We have received the ISO 9001:2008 (quality management system) and ISO 14001:2004 (environmental management system) quality assurance certifications in April 2012 from the Hong Kong Quality Assurance Agency. The quality assurance certifications are in relation to the provision of property and facility management services for Hopewell Centre, QRE Plaza, KITEC, Panda Place and Broadwood Twelve. The validation periods for the ISO 9001:2008 and ISO 14001:2004 quality assurance certifications are both from 2 April 2012 to 1 April 2015.

Our principal customers are tenants of our investment properties in Hong Kong. Lease terms for our investment properties are generally for more than three years for retail tenants and range from two to three years for office tenants. Rental rates under our retail leases generally increase at a fixed pre-agreed amount. In addition, our leases with sizeable tenants will be subject to rent renew arrangement as they will sign leases for three years with an option to renew for another three years at a pre-determined rent rate or at the prevailing market rent.

For FY2010, FY2011, FY2012 and 1HFY2013, the percentage of turnover attributable to our five largest customers was approximately 8.9%, 8.2%, 7.4% and 8.9%, respectively, and the total purchases attributable to our five largest suppliers was approximately 23.6%, 27.5%, 25.1% and 24.7% of our total costs of sales and services for the same corresponding period, respectively. For FY2010, FY2011, FY2012 and 1HFY2013, the percentage of turnover attributable to our largest customer was approximately 2.5%, 1.9%, 1.8% and 2.3%, respectively, and the total purchases attributable to our largest supplier was approximately 8.7%, 8.5%, 8.6% and 9.8% of our total costs of sales and services for the same corresponding period, respectively.

During the Track Record Period, our major suppliers consisted mainly of:

- electricity suppliers;
- elevator installation and maintenance services providers; and
- electrical and mechanical engineering services providers.

Our five largest suppliers are independent third parties.

The credit and payment terms granted by our electricity suppliers and other service providers are between 14 to 30 days and 30 to 60 days, respectively.

RESIDENTIAL PROPERTY

Our residential property division is responsible for residential property sales, leasing and management of the residential investment property portfolio, which at present consists of serviced apartments in GardenEast and unsold units in Broadwood Twelve. Sales and leasing is conducted directly by us or through agents. Lease terms for GardenEast and Broadwood Twelve generally range from one month to one year and two years, respectively.

The residential property division is actively involved in development design and planning to ensure the marketability of our residential developments as well as monitoring defect rectification progress to maintain high quality and timely after-sales service. It also closely monitors the residential market conditions and market trends for regular review on selling prices and rental rates. To assure our tenants of high quality services and for long-term value creation, the residential property division takes care of the day-to-day operations of the serviced apartments. This arrangement enables us to provide our tenants with quality leasing, guest services, housekeeping and maintenance services. We market our residential properties mainly through agents and the internet.

CONVENTION, EXHIBITION AND ENTERTAINMENT

Our convention, exhibition and entertainment division is responsible for managing the convention and exhibition venues and facilities which at present are located in KITEC, and hosting entertainment events. To maximise both revenue and occupancy of our venues, our convention and exhibition team maintains a simple reservation system but yet tight diary control by selecting appropriate events which are popular with, and in demand by, the local community.

We work directly with our customers and tailor our services according to the type of event and venue. These services include events management and organisation, provision and operation of audio and visual equipment and the provision of food and beverage services for large scale banquet events.

HOSPITALITY

The hospitality division is managed by the hospitality management committee comprising our Managing Director, Deputy Managing Director and other senior management staff of the Company. We own and self operate Panda Hotel. Operational management decisions are made by the general manager of Panda Hotel and supported by a general management team.

We also provide management services to B P International House, which is located in Tsim Sha Tsui, Kowloon and owned by the Scout Association of Hong Kong. We assisted the owner of B P International House to change the use of the land on which the hostel is situated and helped with the design and construction of B P International House. Since 1993, we have been providing management services to B P International House, which requires us to supervise and direct the day-to-day management and operation of B P International House as a budget hostel competitive with similar hostels in Hong Kong. We are responsible for maintaining the hostel's standards of quality, conducting recruitment and training of staff and supervising the sales and marketing programmes of the hostel. In addition, we also act as the manager of the common areas, facilities and car parks of B P International House to ensure the compliance with the building's deed of mutual covenant. Our current management arrangements are for a period of five years from 1 November 2008 and are renewable for a further term of five years, subject to satisfactory performance.

For our management services to B P International House, we charge the owner a management fee, which is based on (i) a percentage of the gross revenue and gross operating profit, (ii) a percentage of the overall building management expenses, and (iii) a flat annual fee for managing the car parks and letting of shops and commercial space. For FY2010, FY2011, FY2012 and 1HFY2013, our management fee for B P International House was approximately HK$6.1 million, HK$8.3 million, HK$10.4 million and HK$5.9 million, respectively.

PLANNING AND DEVELOPMENT

The development process for each proposed new development is managed by a development team of the projects and engineering division. The development team seeks support where necessary from departments including, but not limited to, construction, property and facility management, accounts and company secretarial departments. Issues such as the feasibility, potential profitability, design, material costs, project management, market demand and property management for each proposed new development are appraised by the team for the development.

The development team for each new development reports to the Directors on the performance of each project and facilitate the Directors to formulate strategic plan for the development of each project. We believe that, by employing an 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 efficient time and quality management. The development team may appoint and coordinate the use of external consultants (for example architects, engineers, interior designers, land consultants and surveyors) as and where necessary.

SITE ACQUISITION, LAND ISSUES AND VALUATIONS

The development team is responsible for pre-purchase measures such as conducting site inspections, drawing up financial models, assessing market demand and carrying out qualitative analyses to determine the development feasibility and potential profitability. Where appropriate, assistance will be sought from our construction department on issues relating to technical, engineering, design and material costs. We may also appoint external consultants (for example, architects, engineers, land consultants and surveyors) to handle land, planning and valuation issues as and where necessary.

The development team is responsible for site acquisitions and reports to the Directors, who oversees the bidding at auctions, the submission of tender documentation or the negotiation of private sales as appropriate. It is also responsible for land and planning issues and undertakes applications for lease modifications, land exchanges and liaison with the Planning and Lands Teams of the Hong Kong Government and the Town Planning Board. Project valuations are carried out by our professional qualified surveyors, who also handle all valuations for the purpose of accounts, feasibility studies, acquisitions, disposals, land premiums, rating and insurance. Other responsibilities include semi-annual valuations of our investment property portfolio in parallel with the independent valuations carried out by a third party professional valuer.

PROJECT MANAGEMENT

Responsibility for management of the design, construction and hand-over of a project rests with our construction management team. Our construction management team comprises professional qualified architects, engineers, surveyors and other professionals with a view to ensuring that the objectives in the construction aspects of a project development and asset enhancement are achieved. The role of the construction management team is to ensure that all necessary applications are made under the Buildings Ordinance, award contracts to construction contractors, appoint independent consultants and monitor and supervise construction progress, especially in respect of construction quality and adherence to budget and schedule.

We use high quality materials and pay strong attention to detail and efficiency when designing and building our developments. We work with high quality designers with a view to achieving quality, efficient and elegant designs while being sensitive to our environmental and social responsibilities.

The construction management team has responsibility for preparing, inviting and awarding tenders for demolition, site formation, construction and fixtures and fittings. We typically contract out our construction work to independent construction contractors through a tender process, which ensures that our costs are competitively bid for by our construction contractors. The construction management team is responsible for selecting our construction contractors, taking into account such factors as the contractors' reputation for reliability, quality and safety, price quotations and the references provided in the selection process. The quality and timeliness of the construction is warranted by contract. The construction management team monitors cost control and construction progress closely during construction with strong on-site supervision and stringent quality control procedures. We also engage external professional quantity surveyors to help monitor and control the costs and quality of our construction projects. The external professional quantity surveyors work with our in-house quantity surveyors to ensure that our construction contractors are meeting the budgets and quality standards that are expected of them for our construction projects.

We have direct contracts with suppliers, such as suppliers of artwork, landscaping, utility services and signage.

EXPANSION OF PROPERTY PORTFOLIO, PIPELINE AND LAND BANK REPLENISHMENT

We have continued to create long term shareholder value by conceiving, designing, developing, owning and managing properties in prime locations and in areas with high redevelopment and significant growth potential in Hong Kong. For example, we have proactively expanded our property portfolio by acquiring the retail shops at Wu Chung House in 2009 and successfully tendering for the 200 Queen's Road East Project, which complements our "The East" dining and entertainment community in Wan Chai. Furthermore, we have participated in the public tendering for various government land lots in 2011 (two land lots located at Cheung Sha Site 406 and 407 and one land lot at Kowloon Bay) and in 2012 (one land lot at Kowloon Bay) which, even though all unsuccessful, indicated our commitment to increase our land bank in areas which we believe will strategically complement our existing property portfolio.

We focus on enhancing our core property portfolio and have divested non-core assets, such as the disposal of the shopping arcade and car park of Allway Garden in Tsuen Wan and certain units and garage at Hing Wai Centre in Aberdeen, which both took place in 2006.

MARKETING

Marketing of our office, retail and residential properties are conducted primarily through agents and the internet. We have a dedicated marketing team for each of our properties which is responsible for organising promotional campaigns and events. Our retail tenants are also required under their leases to submit marketing proposals to us for review and organise regular promotional events at our retail properties.

INFORMATION TECHNOLOGY

Our information technology team is responsible for developing and maintaining information technology systems to support property trading, leasing and facility management. It also provides information technology and technical support and consults on technical service requirements for new property developments and building service enhancements.

We also work with other third party information technology solution providers for the deployment and maintenance of other specialised systems relating to hotel management and food and beverage management. Additionally, we rely on the efficient and uninterrupted operation of our own information systems utilised at our hotel.

COMPETITION

The retail, office and residential property industry and the hospitality industry in Hong Kong are highly competitive.

Retail

According to the Savills Report, except for Hysan Place in Causeway Bay and V City in Tuen Mun, which were both completed in 2012, all other new shopping centres that are expected to be completed by 2013 and 2014 are relatively smaller, with GFAs of less than 110,000 sq. ft. The performance of the shopping malls in Central, Admiralty and Causeway Bay suggest that the north side of Hong Kong Island is a major retail area. However, there are no large shopping malls in Wan

Chai, which can be regarded as either territorial malls or regional malls. We believe the opening of the retail portion of 200 Queen's Road East and Hopewell Centre II will help the potential growth in retail activity in Wan Chai.

Office

The traditional office locations of Central and Tsim Sha Tsui face development constraints, limiting the ability of these districts to expand in the short to medium term. Wan Chai/Causeway Bay should continue to enjoy low vacancy rates and a lack of available space, and its rental gap with Central should continue to attract tenant movements out from the CBD. Future Grade A office supply is expected to concentrate in decentralised areas over the next five years, with a large proportion to be completed in Kowloon East.

Residential

The Savills Report notes that, between 2013 and 2015, the New Territories will supply most of the new residential units in Hong Kong, followed by Kowloon and Hong Kong Island. On Hong Kong Island, only our 200 Queen's Road East Project will supply more than 1,000 residential units with direct links to the MTR station when it is completed in 2015. Other residential development projects to be completed between 2014 and 2015 on Hong Kong Island are expected to yield less than 1,000 residential units for each project.

Hospitality

The outlook for the hospitality industry remains positive and visitor arrivals in Hong Kong are expected to increase in the next three years as a result of existing attractions in Hong Kong such as Disneyland and Ocean Park, as well as the cruise terminal at the Kai Tak Development Area which is due to commence operations in June 2013. While the Guangzhou-Shenzhen-Hong Kong Express Rail Link will shorten travel time from key cities in mainland China to Hong Kong significantly and will inevitably draw more long-haul mainland Chinese visitors to Hong Kong who are likely to stay overnight in Hong Kong, the shorter travel time for short haul mainland Chinese visitors (mainly from Guangdong province) may also mean that more of them can afford same-day travel and thus reduce the demand for hotel rooms among the group of short-haul mainland Chinese visitors. According to the HKTB, there will be an additional 10,163 hotel rooms on the market between 2013 and 2018 with the majority concentrated in 2013, 2014 and 2017. Notably, the 1,024 rooms to be completed in 2018 all come from Hopewell Centre II, which will be the largest hotel developed in terms of hotel room provisions between now and 2018, followed by a 840-room hotel project on Oil Street in North Point. The majority of future hotels are relatively small in scale.

Across all sectors, we compete with other property developers in bidding for development sites at government auctions, in public and private tenders as well as in private sales of prospective development properties. We also compete with other property developers, owners and operators of office, retail and residential properties and hotels in attracting and retaining quality tenants or customers.

Despite the competitive environment, we have been able to maintain high average occupancy rates and a steady increase in rental rates for our investment properties. The Directors believe that this is partly due to our brand, the strategic locations of our properties and the quality of our investment properties which we maintain by renovating and upgrading the facilities on a regular basis. For more information on the competitive landscape of the various sectors of the Group, please refer to "*Appendix V — Market Research Report*".

INTELLECTUAL PROPERTY

We have a trademark licence agreement with Hopewell, which grant us a non-exclusive, fully-paid, royalty-free and perpetual licence to use certain trademarks registered by, or under the name of, Hopewell at a nominal fee of HK$1.00. We and Hopewell have agreed that the trademark licence agreement will not be terminated for as long as we remain a subsidiary of Hopewell. The licensed trademarks are brands under which we market our properties and services. We consider these brands 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 intention to maintain the brands and our trademark licence agreement with Hopewell. Further details of the trademark licence agreement are set out in *"Connected Transactions — Exempt Continuing Connected Transactions — Trademark agreement between Hopewell and the Company"*.

INSURANCE

All of our properties, completed and under development, are in general insured to standards in line with industry practice in Hong Kong. In addition to statutory required insurances, the Company purchases other insurances, where considered necessary, to cover the major risks identified by the Company. The principal insurances in place for completed properties are commercial and industrial all risks insurance (which cover building reinstatement costs), business interruption insurance (which cover the loss of gross profit due to reduction of rental income and gross revenue) and commercial liability insurance. The principal insurances in place for our properties under development are contractors all risks insurance. The Company purchases insurance for its completed Hong Kong properties from a number of insurers through an insurance broker. Proposals of our insurance broker, the insured scope and sum are annually reviewed by an insurance task force consisting of the senior management of the Group. All our insurance are competitively bid for and our insurance broker helps identify our needs, creates specifications and evaluates bids to determine which insurance packages provide the best coverage and price.

ENVIRONMENTAL MATTERS

We are committed to sustainable development and continuously reinforce our commitment to the environment by reducing carbon emissions, achieving cleaner air by promoting the use of electric vehicles, and incorporating high environmental standards in our development projects and hotel operation. We continue to develop greener buildings and were one of the first in our industry to carry out carbon audits. Hopewell Centre, our flagship property, was one of the first Hong Kong buildings constructed in the 1980s recognised for its energy efficiency. We also proactively monitor, and carry out enhancement initiatives on, our existing properties to promote green design features. For example, in May 2005 and May 2011, we had converted the air-conditioning system at Hopewell Centre from an air-cooled system to a water-cooled system, which decreased our total monthly electricity consumption each year during the Track Record Period even though our average occupancy rate at Hopewell increased each year during the same period. A similar air-conditioning system conversion also took place at KITEC, which decreased our total monthly electricity consumption. We provide charging facilities and offer free parking to visitors who use electric vehicles at Hopewell Centre, KITEC and Panda Hotel. These actions demonstrate our determination to be a leader on environmental initiatives and a role model in adopted best practices for sustainable development.

Whilst we are subject to extensive and increasingly stringent environmental protection laws and regulations (including those related to waste, disposal, water pollution control, air pollution control and noise control) which impose fines for their violation, we believe that all our properties are and have been in substantial compliance with those laws and regulations. We regularly monitor the environmental risks to which we may be subject.

The costs of our environmental compliance are split into two categories: (i) costs for our compliance with environmental licences and registrations as required under law and (ii) costs which we voluntarily incurred to comply with higher levels of environmental protection best practices, such as the requirements of the Hong Kong BEAM Society and ISO14001 certification. During the Track

Record Period, we incurred a one-off cost of approximately HK$8.8 million in FY2011 for the water-cooled chiller plant system conversion that took place at Panda Place and a one-off-cost of approximately HK$5.4 million in FY2012 for the replacement of four sets of old radiators with two sets of S plume abatement cooling towers in Hopewell Centre. Other than the cost incurred in respect of the water-cooled chiller plant system conversion and the radiator replacement, the total costs of our environmental compliance amounted to approximately HK$0.2 million, HK$0.1 million and HK$0.2 million for each of FY2010, FY2011 and FY2012, respectively. A large part of our environmental compliance costs for the Track Record Period relate to voluntary measures. We expect our environmental compliance costs going forward to be similar and will be approximately HK$0.2 million for each of FY2013 and FY2014, respectively.

We proactively engaged in sustainability initiatives such as the following:

- Title sponsorship of "Hopewell — Yan Oi Tong Green Adventure — Mount Everest" programme in August 2012 which was part of our efforts to address climate change issues and promote youth development.
- We signed the "Energy-Saving Charter" launched by the Hong Kong Environment Bureau and the Council for Sustainable Development in June 2012, which shows our commitment to maintaining an average indoor temperature between 24 and 26 degrees Celsius at E-Max.
- We joined the WWF Hong Kong's "Low-carbon Office Operational Programme" ("**LOOP**") in September 2011 and gained a LOOP silver certification, which commits us to measuring and analysing the carbon performance of our headquarters office, as well as formulating an emissions reduction strategy and reporting on the improvements achieved.
- For our hospitality division, we provide an alternative shark-free menu, and we introduced an ocean friendly menu in 2012. We also operate a food waste collection and recycling scheme.
- In line with our commitment to reduce vehicle emissions and promote clear air, we participated in the "Take a 'Brake' Low Carbon Action" Campaign — Corporate Green Driving Award Scheme 2011" that was jointly organised and implemented by Friends of the Earth, Green Power and WWF Hong Kong. Our efforts were recognised with a gold award for "Fuel Efficiency Improvement", having successfully reduced the fuel consumption of our corporate vehicle fleet by an average of more than 13.3%. We also won the silver award for "Fuel Consumption Saver" for reducing the total fuel consumption of our vehicle fleet by 3.2%.

In November 2012, the 200 Queen's Road East Project was awarded a provisional BEAM "Platinum Standard" certificate by the Hong Kong BEAM Society for meeting the standards established under the Building Environmental Assessment Method (BEAM) for New Buildings. Environmental features have been incorporated into the design and construction of 200 Queen's Road East Project to ensure a high standard of energy efficiency, waste management and material use.

CORPORATE SOCIAL RESPONSIBILITY

Since our founding 40 years ago, we have been a responsible community member of Hong Kong and believe that our corporate social responsibility efforts reflect our corporate values. We make active efforts to be socially responsible and believe in giving back to local communities and supporting charitable causes such as environmental sustainability, community engagement and youth development, which allows us to maintain and foster relationships with the local residents, government institutions and non-governmental organisations.

When planning buildings, we always promote the development of the surrounding communities that we impact. This begins early on in the design stage and we have put an emphasis on developing community-friendly buildings and walkways at our headquarters in Wan Chai, and will continue to use this as a model for our future projects. We believe that taking into account stakeholders' views is an essential part of our business when designing and implementing property developments. We also look beyond regulatory compliance and continuously take strategic steps to improve our practices across our business such as enhancing energy efficiency during our buildings' life cycle and anticipating the needs of communities.

Furthermore, we are an active advocate of equality and integration through our dedication to a barrier-free environment at our properties for people with disabilities. Hopewell Centre was awarded with the "Hong Kong Barrier Free Shopping Malls" silver award in May 2012 in recognition of its consideration for the needs of people with disabilities, and its efforts in improving facilities for people with disabilities. The "Hong Kong Barrier Free Shopping Malls" recognition scheme is organised by a number of disability organisations and sponsored by Hong Kong Rehabilitation Power and the Equal Opportunities Commission.

Among others, we have received the following recent corporate social responsibility awards:

- November 2011 — "Family-Friendly Employer Award" in the "Family-Friendly Employers Award Scheme 2011" organised by the Family Council.

- April 2012 — "ERB Manpower Developer Award Scheme — Manpower Developers 1st Award" awarded by the Employees Retraining Board.

- May 2012 — "5 Years Caring Company Logo" granted by the Hong Kong Council of Social Service.

- December 2012 — "Certificate of Appreciation" awarded by the Agency for Volunteer Service.

CORPORATE GOVERNANCE

We are committed to the principles of corporate governance and corporate responsibility consistent with prudent management. This is exemplified through our multiple awards which we received for corporate governance, investor relations and social responsibility (including the "Best Investor Relations" and "Best Corporate Social Responsibilities" awards at the Asian Excellence Recognition Awards in 2011 and 2012), which were organised and awarded by Corporate Governance Asia). Our managing Director, Mr. Thomas Jefferson WU, was awarded the "Director of the Year Award" by the Hong Kong Institute of Directors in 2010 and named "Asia's Best CEO (Investor Relations) in Hong Kong" in 2012 and is a two-time award winner at the Asian Corporate Director Recognition Awards in 2011 and 2012, both of which were organised and awarded by Corporate Governance Asia.

It is the belief of our Board that our commitment to a high standard of corporate governance will, in the long term, serve to enhance Shareholders' value. The Board has set up procedures on corporate governance that will comply with the requirements of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules.

HEALTH AND SAFETY

We are subject to the health and safety requirements of Hong Kong including, but not limited to, the Occupational Health and Safety Ordinance and the Factories and Industrial Undertakings Ordinance. We have internal 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 from the beginning of the Track Record Period up to the Latest Practicable Date. Our liability to our employees is covered by insurance, which we are required by law to take out. We do not have an insurable interest in relation to the employees of our contractors. Our contractors are required by law to take out insurance which covers their liabilities to their employees.

LEGAL COMPLIANCE AND OTHER MATTERS

We were in compliance in all material respects with the relevant laws and regulations of Hong Kong during the Track Record Period and have been up to the Latest Practicable Date.

The construction of Hopewell Centre was completed and the relevant occupation permit was issued on 29 March 1983. A narrow strip of land of approximately 250 sq. ft. (the "**Concerned Land**"), which previously belonged to the Group and on which a small part of Hopewell Centre was erected and currently stands, was surrendered to the Hong Kong Government during a land exchange exercise after the construction of Hopewell Centre was completed. However, the Hong Kong Government by mistake did not include the Concerned Land in the new lot of land re-granted to the Group under the Conditions of Exchange No. UB11834 dated 23 May 1985 (the "**New Lot**") during such land exchange exercise.

Under the terms of the land grant in respect of the New Lot, the DOL may in his absolute discretion either require the Group to: (i) demolish the part of the building standing on the Concerned Land, to reinstate such land to his satisfaction and deliver vacant possession of the same to the Hong Kong Government; or (ii) pay to the Hong Kong Government such sum as the DOL in his absolute discretion shall determine as the premium in respect of the Concerned Land (the "**Premium**"). If the Group fails to demolish the part of the building built upon the Concerned Land when required by DOL as per (i) above, the DOL may demolish such part of the building and the Group shall be liable to pay on demand to the Hong Kong Government the cost of such demolition as certified by the DOL. Upon the payment of the Premium, the area of the Concerned Land built upon shall be deemed in all respects to be part of the New Lot.

The Lands Department of the Hong Kong Government and the Group have been discussing since February 2012 with the view to include the Concerned Land into the New Lot. We have sought the legal opinion of a senior counsel and he holds the view that if the Lands Department of the Hong Kong Government was to refuse to include the Concerned Land into the New Lot, the Group has a strong case to have the mistake rectified and to assert a proprietary estoppel against the Hong Kong Government. We are of the view that the matter does not prevent us from having a marketable title to Hopewell Centre. For more information, please refer to "*Risk Factors — We may, from time to time, be involved in disputes and legal and other proceedings arising out of our operations and, as a result, may face significant liabilities*".

Following the Buildings Department's investigation of an incident involving alleged unauthorised building works at KITEC, two wholly-owned subsidiaries of the Company received summonses in May 2013, which were issued under the Magistrates Ordinance (Chapter 227 of the Laws of Hong Kong) for permitting the construction and removal of such building works to be commenced or carried out without having first obtained the approval of the Building Authority (the "**Summonses**"). After taking into account, among others, the information available and the professional advice sought, we believe that as the alleged unauthorised building works at KITEC have been removed and demolished, the Summonses would not prevent us from having a good and marketable title to KITEC, and the Group's operations will not be adversely affected thereby in any material respect.

LEGAL PROCEEDINGS

As a property developer and owner, we are involved in legal proceedings from time to time, which arise in our ordinary course of business, such as disputes with the tenants of our properties. 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.