



Property Development



The Group will continue strengthening its reputation by enhancing the quality of its products and services and branding individual projects. High project marketability and improved pricing ability should contribute to better returns on development projects over time.

*1 Ho Man Tin Hill
Kowloon*

REVIEW OF OPERATIONS | Property Development



Park Central in Tseung Kwan O is highly praised for its building quality, management, landscaped garden and club house facilities.



This spacious unit in 1 Po Shan Road in Mid-Levels demonstrates the Group's commitment to top-quality design and materials.

The Group owns 15.4 million square feet of residential properties under development for sale. While most of these are large-scale projects with primarily small to medium sized units, the Group is also developing a number of luxury projects with larger units.

It is the Group's aim to provide total living solutions to its customers and further strengthen its brand by adopting new measures and standards to raise product quality, customer service and property management to new levels. This has added to the marketability of Group's products in today's competitive environment and enabled premium pricing. Following the success of Park Island Phase 1 last year, response to the recent sale of YOHO Town was also very encouraging. Luxury residences such as 1 Po Shan Road and 1 Ho Man Tin Hill marketed early this year are now sold out. All this demonstrates the power of the Group's brand and its expertise in sales and marketing.

PROPERTY SALES

The Group sold and pre-sold an attributable HK\$12,157 million worth of properties in Hong Kong in the year ended 30th June 2003, compared with HK\$15,151 million last year. Major projects sold during the year included Park Island Phase 1 on Ma Wan, 1 Po Shan Road in Mid-Levels, 1 Ho Man Tin Hill, Park Central in Tseung Kwan O and Aegean Coast in Tuen Mun.

The impact of SARS on the property market was only temporary and sales picked up quickly after the second quarter of the year. The Group's property sales in the third quarter amounted to over HK\$4,000 million.

New projects will be launched for pre-sale as scheduled. Developments planned to be marketed in the next nine months include the project at Tuen Mun Town Lot 399, 8 Waterloo Road in Kowloon, 18 Farm Road in Ho Man Tin and Park Island Phase 2 on Ma Wan.

PROJECT COMPLETION SCHEDULE

For the year ended 30th June 2003, the Group completed a total of ten projects with an aggregate attributable floor area of 6.2 million square feet. Of these, 4.7 million square feet were residential properties for sale. Project details are listed in the Chairman's Statement on page 7.

Over 92 per cent of the residential properties for sale completed during the year have been sold. Millennium City Phase 3 and the shopping centre in Park Central are being retained as investment properties. Two IFC is also being kept as a long-term investment, except for some floors sold to an owner-occupier.

In order to further improve the layout and introduce new facilities to the Group's new residential developments, a few projects have been rescheduled. As a result, completions in the 2003-04 financial year will be reduced to 3.8 million square feet, of which 3.7 million square feet will be residential premises for sale. Over 40 per cent of the units have been pre-sold, mainly in Liberté in Cheung Sha Wan, YOHO Town in Yuen Long and Vianni Cove in Tin Shui Wai.

Completions will increase in the 2004-05 financial year to 5.9 million square feet, boosted mainly by the completion of two investment properties: the Four Seasons Hotel Hong Kong and Millennium City Phase 5.



1 Ho Man Tin Hill's art deco club house is unique in Kowloon.



YOHO Town in Yuen Long will have the district's first glass-enclosed jacuzzi and a 50-metre outdoor pool.

REVIEW OF OPERATIONS

Property Development

Major Projects Under Development By Year Of Completion

| Location | Project Name | Group's Interest (%) | Residential |
|---|-----------------------|----------------------|------------------|
| Projects to be Completed in FY2003/04 | | | |
| Yuen Long Town Lot 503 | YOHO Town Phase 1 | 100 | 1,180,000 |
| Tuen Mun Town Lot 399 | – | 100 | 371,000 |
| 8 Waterloo Road, West Kowloon (formerly as Yunnan Lane) | 8 Waterloo Road | Joint venture | 344,000 |
| Tin Shui Wai Town Lot 27 | Vianni Cove | 40 | 321,000 |
| Tseung Kwan O Town Lot 55 | Ocean Shores Phase 3B | 49 | 284,000 |
| New Kowloon Inland Lot 6328, Cheung Sha Wan | Liberté | 35.44 | 541,000 |
| Ap Lei Chau Inland Lot 128* | Sham Wan Towers | 100 | 454,000 |
| 18 Farm Road, Ho Man Tin | 18 Farm Road | 100 | 223,000 |
| Year Total | | | 3,718,000 |

Projects to be Completed in FY2004/05

| | | | |
|---|------------------------------|---------------|------------------|
| Airport Railway Olympic Station Development Package Three | – | Joint venture | 1,110,000 |
| Airport Railway Kowloon Station Development Package Three | – | Joint venture | 1,076,000 |
| Ma Wan Development | Park Island Phase 2 | Joint venture | 1,019,000 |
| 8, 12 & 16 Severn Road, The Peak | – | 100 | 59,000 |
| New Kowloon Inland Lot 6275, Cheung Sha Wan | The Pacifica | 50 | 648,000 |
| Tseung Kwan O Town Lot 74 | – | 25 | 70,000 |
| 418 Kwun Tong Road | Millennium City Phase 5 | 100 | – |
| Airport Railway Hong Kong Station Development | Four Seasons Hotel Hong Kong | 47.5 | – |
| Year Total | | | 3,982,000 |

Major Projects to be Completed in FY2005/06 and beyond

| | | | |
|--|---------------------|---------------|------------------|
| Tsuen Wan Town Lot 373 | – | 100 | 1,113,000 |
| Ma Wan Development | Park Island Phase 3 | Joint venture | 880,000 |
| To Fung Shan Phases 2, 3 & 4, Shatin | – | 100 | 744,000 |
| Kwu Tung Phases 2 & 3, Sheung Shui | – | 100 | 603,500 |
| Tin Ping Shan, Sheung Shui | – | 100 | 532,000 |
| Ngau Tam Mei, Yuen Long | – | 100 | 383,000 |
| Yuen Long Town Lot 504 | YOHO Town Phase 2 | 100 | 1,454,000 |
| New Kowloon Marine Lot 3, Cheung Sha Wan | – | 33.3 | 358,000 |
| Total | | | 6,067,500 |

* Excluding the portion owned by the Hong Kong Housing Society.

Attributable Gross Floor Area (square feet)

| Shopping Centre | Office | Hotel | Total |
|-----------------|----------------|----------------|------------------|
| – | – | – | 1,180,000 |
| – | – | – | 371,000 |
| – | – | – | 344,000 |
| – | – | – | 321,000 |
| – | – | – | 284,000 |
| 21,000 | – | – | 562,000 |
| 16,000 | – | – | 470,000 |
| 45,000 | – | – | 268,000 |
| 82,000 | – | – | 3,800,000 |
| – | – | – | 1,110,000 |
| – | – | – | 1,076,000 |
| – | – | – | 1,019,000 |
| – | – | – | 59,000 |
| 77,000 | – | – | 725,000 |
| 10,000 | – | – | 80,000 |
| 575,000 | 707,000 | – | 1,282,000 |
| – | – | 523,000 | 523,000 |
| 662,000 | 707,000 | 523,000 | 5,874,000 |
| – | – | – | 1,113,000 |
| – | – | – | 880,000 |
| – | – | – | 744,000 |
| – | – | – | 603,500 |
| – | – | – | 532,000 |
| – | – | – | 383,000 |
| 249,000 | – | – | 1,703,000 |
| 18,000 | – | – | 376,000 |
| 267,000 | – | – | 6,334,500 |



8 Waterloo Road will have the dynamic city at its doorstep around the clock.



The greenery surrounding Tuen Mun Town Lot 399 and its comprehensive club house facilities will contribute to a healthy and relaxing lifestyle.

REVIEW OF OPERATIONS

Property Development

Residential
Shopping Centre
Office
Industrial/Office
Hotel

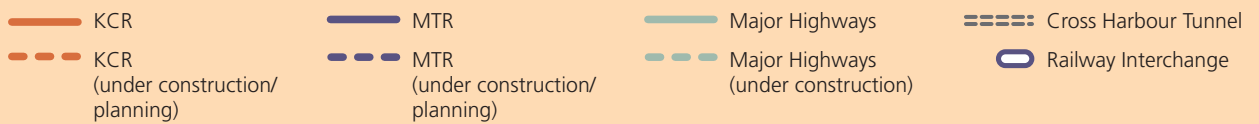
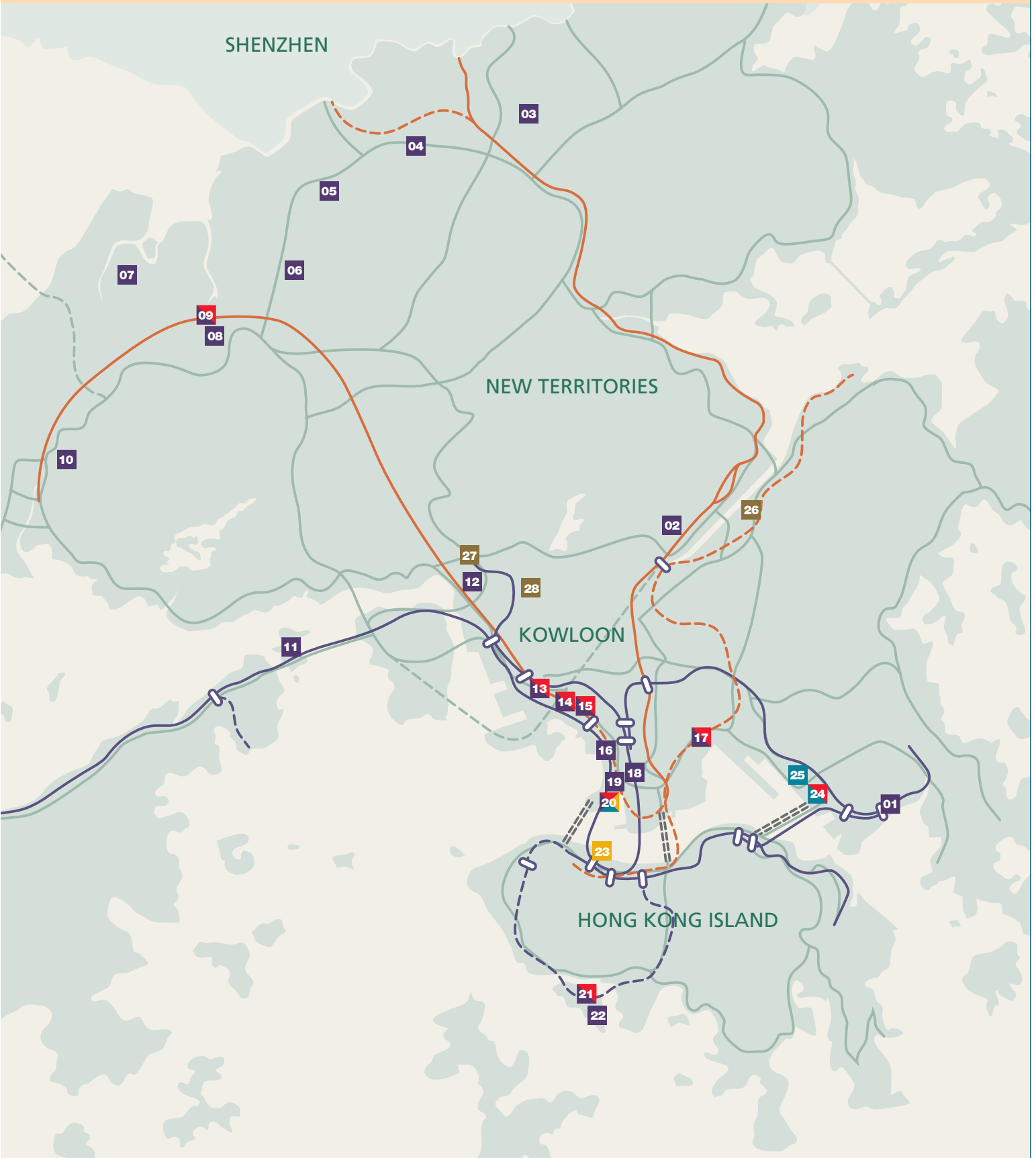


Major Projects Under Development

| | | |
|----|---------|---|
| 01 | ■ | Ocean Shores Phase 3B |
| 02 | ■ | To Fung Shan Phases 2, 3 & 4 |
| 03 | ■ | Tin Ping Shan |
| 04 | ■ | Kwu Tung |
| 05 | ■ | Shek Wu Wai |
| 06 | ■ | Ngau Tam Mei |
| 07 | ■ | Vianni Cove |
| 08 | ■ | YOHO Town Phase 1 |
| 09 | ■ ■ | YOHO Town Phase 2 |
| 10 | ■ | Tuen Mun Town Lot 399 |
| 11 | ■ | Park Island Phases 2 & 3 |
| 12 | ■ | Tsuen Wan Town Lot 373 |
| 13 | ■ ■ | New Kowloon Marine Lot 3 |
| 14 | ■ ■ | Liberté |
| 15 | ■ ■ | The Pacifica |
| 16 | ■ | Airport Railway Olympic Station Development Package 3 |
| 17 | ■ ■ | 18 Farm Road |
| 18 | ■ | 8 Waterloo Road |
| 19 | ■ | Airport Railway Kowloon Station Development Package 3 |
| 20 | ■ ■ ■ ■ | Airport Railway Kowloon Station Development Packages 5, 6 & 7 |
| 21 | ■ ■ | Sham Wan Towers |
| 22 | ■ | Ap Lei Chau Inland Lot 129 |
| 23 | ■ | Four Seasons Hotel Hong Kong |
| 24 | ■ ■ | Millennium City Phase 5 |
| 25 | ■ | 392 Kwun Tong Road |
| 26 | ■ | 20-22 Siu Lek Yuen Road |
| 27 | ■ | 12-23 Wang Wo Tsai Street |
| 28 | ■ | 51-53 Kwai Cheong Road |



LANTAU ISLAND





Quality and a comprehensive transportation network have helped establish the YOHO Town brand in Yuen Long.



Airport Railway Kowloon Station Package 3 will have over a million square feet of luxury residences.

PROGRESS OF MAJOR DEVELOPMENTS

YOHO Town Phase 1

Yuen Long Town Lot 503 (100% owned)

Continuous improvements in infrastructure are transforming Yuen Long into a vibrant community in the New Territories. YOHO Town is a large residential and commercial complex conveniently located right next to Route 3 and Yuen Long Station on the soon-to-open West Rail. The first phase of the development consists of 2,200 residential units, mainly small to medium sized, on a 236,000 square-foot site. The total gross floor area will be 1.2 million square feet. Over half of the units have been sold since marketing began in July this year. Phase 1 is planned for completion in the first half of 2004.

Park Island Phases 2 and 3

Ma Wan Development (joint venture)

The first phase of Park Island, consisting of 2,569 units, was completed and handed over to owners in the second half of 2002. Following its successful sale, the Group is now constructing the second phase, which has a gross floor area of about one million square feet. This will provide about 1,400 residential units in a wide range of sizes upon completion in the second half of 2004. Piling work has finished and construction of the superstructure is under way. Planning of the last phase of 900,000 square feet of gross floor area is ongoing, and completion is expected in 2005.

Airport Railway Kowloon Station Package 3 Development

(joint venture)

This project is above the Airport Railway's Kowloon Station, an area destined to become a future cultural and transport hub in the territory. The project has a site area of 172,000 square feet. About 1,000 luxury residential units in a wide range of sizes will be developed, with a total gross floor area of over one million square feet. With its superb quality, the development should set new standards of luxury in the district. The project is expected to go on sale in mid-2004.

Airport Railway Olympic Station Package 3 Development

(joint venture)

Over 1.1 million square feet of residential property will be developed on this 185,000 square-foot site. Given its proximity to Olympic Station on the Mass Transit Railway, residents will enjoy easy access to the rest of the territory. The development will contain around 1,700 quality units in five residential towers. Construction of the superstructure commenced recently and completion is expected in 2005.

Tsuen Wan Town Lot 373

(100% owned)

Having converted usage of this 112,000 square-foot site from hotel to serviced apartments, the Group is now building over 1,700 units with a total gross floor area of 1.1 million square feet. Construction is progressing smoothly and the project should be finished in the third quarter of 2005.

Tin Ping Shan, Sheung Shui

(100% owned)

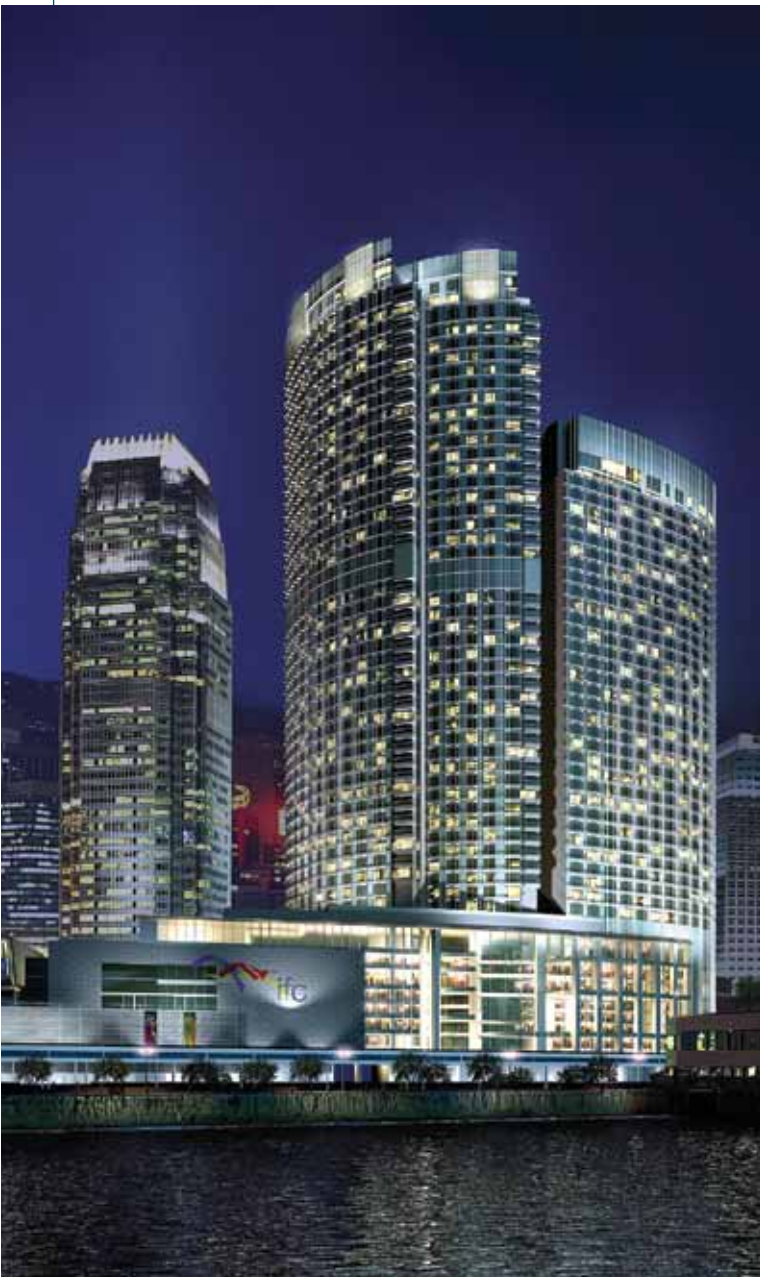
The Group will build about 532,000 square feet of residential premises on this 177,000 square-foot site in the northern New Territories. It will contain approximately 800 units. The Group plans to make it a landmark development in the region. Construction is expected to start soon, with completion scheduled for 2006.



Airport Railway Olympic Station Package 3 will offer around 1,700 quality units in a prime location.



Tsuen Wan Town Lot 373 will be developed into serviced apartments offering hotel-style luxury.



IFC on the Central waterfront includes the first Four Seasons hotel in Hong Kong.

YOHO Town Phase 2

Yuen Long Town Lot 504 (100% owned)

This 318,000 square-foot site is adjacent to YOHO Town Phase 1. It will include 1.4 million square feet of residential floor area and over 2,000 units. In addition, there will be 250,000 square feet of retail space, which will form part of the large-scale, one million square-foot shopping mall planned for the growing new town of Yuen Long. The planning details of Phase 2 are being finalized.

Four Seasons Hotel Hong Kong

Airport Railway Hong Kong Station Development (47.5% owned)

Four Seasons Hotel Hong Kong will be a 1.1 million square-foot hotel complex and the last leg of the IFC development. This will be the first Four Seasons hotel in Hong Kong. Its advantageous location above Hong Kong Station on the Airport Express will provide quick and easy access to the airport, thus making it attractive to both tourists and business travellers. Construction is progressing smoothly and will finish in late 2004. Upon completion, the two hotel towers, which are expected to be ready for opening in early 2005, will offer around 1,000 guest rooms. The entire IFC development also includes two ultra-modern office towers and a shopping mall, which were completed in phases by June 2003.

Millennium City Phase 5

418 Kwun Tong Road (100% owned)

Millennium City Phase 5 has a site area of 107,000 square feet and 1.3 million square feet of gross floor area. It is the largest segment of Millennium City, a new business hub in Kowloon East. Conveniently linked to Kwun Tong MTR station, Phase 5 will include a regional shopping mall of about 600,000 square feet. Its proximity to the MTR is expected to make it a major shopping and entertainment destination in Kowloon East. Phase 5 will also include around 700,000 square feet of prime office space. The Group intends to keep the development as a long-term investment, except for 407,000 square feet of office space, which was sold to a local bank. Construction should finish in the second half of 2004.

Airport Railway Kowloon Station Development Packages 5, 6 & 7

(joint venture)

The development will consist of 2.5 million square feet of top-quality offices, one million square feet of residential units and serviced apartments, another million square feet of hotel space and 0.9 million square feet of retail area on a 790,000 square-foot site. Of the total 5.4 million square feet of gross floor area, 4.7 million are attributable to the Group. Upon completion, the development will include the tallest building in Hong Kong, transforming the territory's skyline. The project will also feature the latest technology and facilities to cater to the increasingly-sophisticated demands of commercial tenants. Piling work is finished, and completion of the project will be achieved in phases over the next four to five years.



Millennium City Phase 5 in Kowloon East contains a regional shopping mall of around 600,000 square feet.



Airport Railway Kowloon Station Development Packages 5, 6 & 7 will be a large-scale complex with first-class offices, residential space, serviced apartments, a hotel and shopping centre.