



# UP-LIFTING

THE QUALITY OF LIFE

A hand in a dark suit jacket with a light blue cuff is shown using a silver key to unlock a door handle. The door is made of polished metal and is set against a light-colored wall. The background is slightly blurred, showing a person's profile in the upper left corner.

**81,962**

households  
enjoy quality  
living in our  
managed  
properties

Bringing a  
**green**  
living concept  
to our 36  
managed  
residential  
developments

## Property and Other Businesses



**225,650  
sq.m.**

(Lettable Floor Area) of MTR shopping malls to enhance customers' shopping experience

Building **self-sufficient communities**

with seamless rail connections for maximum convenience

The Hong Kong property market was robust throughout most of 2010, due to a combination of low interest rates, the economic recovery as well as increased interest in property purchases from Mainland Chinese buyers. The number of residential transactions and sales proceeds were the highest since the previous property boom in 1997.

During the year, in response to public concern over rising prices, Government enacted various policy initiatives relating to the development and sale of residential properties. In February, it raised the stamp duty to 4.25% for property transactions valued at or over HK\$20 million. In April and August, to increase transparency in the sale process of primary residential units, Government introduced a number of measures including more detailed listing of the composition of saleable floor area, publicising transactions within five days of sale, disclosing transactions involving Board members and their families, and the disclosure of price lists three days in advance of sale, all of which we welcome.

# BUILDING COMMUNITIES



In order to support sustainable development, from April 2011, the concession area allowed to a development to provide environmental features is expected to be reduced and conditions to obtain such areas made more onerous. We are taking steps to reduce the impact of these newly proposed regulations on our developments, particularly as some of the new requirements, such as those regarding building separation and underground car parking space, pose challenges to the planning of our property developments where approvals have been obtained based on the existing statutory requirements.

Towards the end of the year, Government also announced measures to moderate speculative activity in the property market. In November 2010, Government introduced special stamp duty on residential properties sold within two years of acquisition, and reduced the loan-to-value ratio for more expensive residential properties and investment properties. This proposal immediately led to a reduction in sales volumes, although prices remained relatively firm. Sales volume in the secondary market saw a recovery starting in early 2011.

## West Rail Line Property Development Plan

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

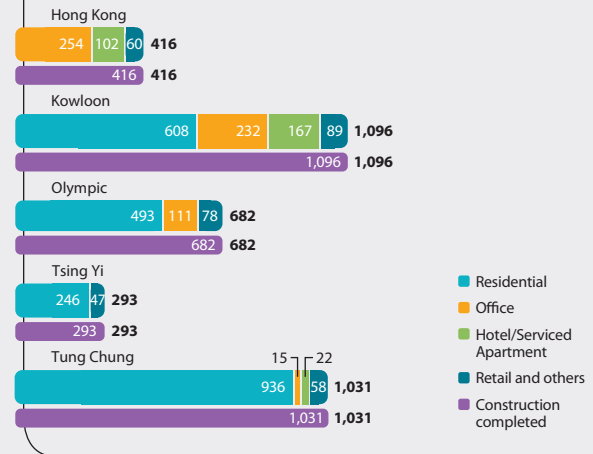
Station	Site Area (hectares)	Period of package tenders	Expected completion date
Tuen Mun	2.65	Aug 2006	By phases from 2012 – 2013
Nam Cheong	6.20	2011	2017
Tsuen Wan West (TW5)	5.60	2011	2017
Tsuen Wan West (TW6)	1.39	Under review	Under review
Tsuen Wan West (TW7)	2.37	Sep 2008	2013
Yuen Long	3.47	Under review	Under review
Long Ping (North)	1.12	Under review	Under review
Long Ping (South)	1.49	Under review	Under review
Tin Shui Wai	3.48	Under review	Under review
Kam Sheung Road	9.85	Under review	Under review
Pat Heung Maintenance Centre	24.00	Under review	Under review
Kwai Fong	1.92	Under review	Under review
<b>Total</b>	<b>63.54</b>		

**“The Hong Kong property market was robust throughout most of 2010, due to a combination of low interest rates, the economic recovery as well as increased interest in property purchases from Mainland Chinese buyers.”**

**Airport Railway Property Development Plan and Progress**

Along the Airport Railway, all 56 units of La Mer, the town house development which is the last phase of Caribbean Coast, were sold by August 2010.

Gross floor area (thousand sq. m.)



Excellent property management services are provided to residents

**Property Development**

Profit from property development in 2010 was HK\$4,034 million, with the major contribution coming from Le Prestige at LOHAS Park as well as the sale of units in inventory at The Palazzo in Fo Tan and Lake Silver in Wu Kai Sha.

Pre-sales commenced for Phase 1 and Phase 2 of Festival City at Tai Wai Maintenance Centre in March and November 2010 respectively. By the end of 2010, approximately 47% of the 2,728 units in the two phases had been sold. Pre-sales were also launched for the 56 units of La Mer in Tung Chung with all units sold. We have no financial interest in La Mer.

Occupation Permits were issued for Le Prestige, Phase 2a of LOHAS Park, in January 2010 and Festival City Phase 1 and Phase 2 at Tai Wai Maintenance Centre in February and November 2010 respectively. In addition, Occupation Permits were issued during the first half of the year for the remaining projects at Kowloon Station, namely the International Commerce Centre (ICC), Ritz Carlton Hotel, the Observation Deck on level 100 of ICC and the final phase of Elements.

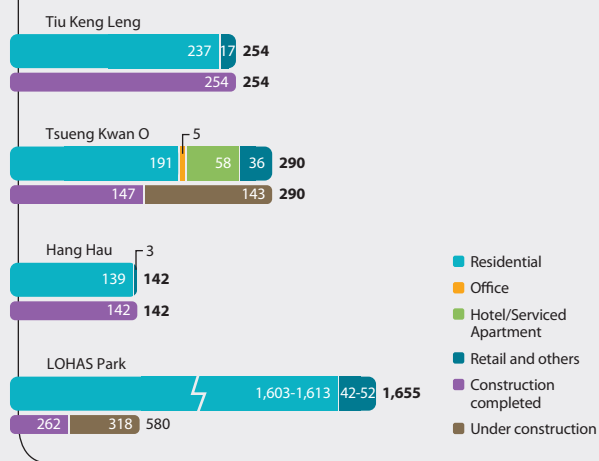
In our property tendering activity, we awarded Austin Station Sites C and D to Fast New Limited, a consortium of New World Development Company Limited and Wheelock Properties Limited, in March 2010. We contributed HK\$3.9 billion to this development as part of the land premium payments for the sites.

In the second half of 2010, the Government introduced a number of new measures relating to property development as discussed above, which has resulted in some adjustments to our property development plans.

## Tseung Kwan O Line Property Development Plan and Progress

Occupation Permits were issued for Le Prestige, Phase 2a of LOHAS Park, in January 2010.

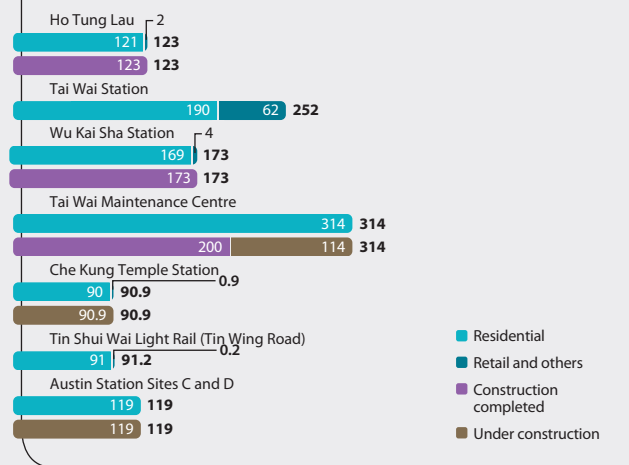
Gross floor area (thousand sq. m.)



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

Pre-sales commenced for Phase 1 and Phase 2 of Festival City at Tai Wai Maintenance Centre in March and November 2010. We awarded Austin Station Sites C and D to Fast New Limited, a consortium of New World Development Company Limited and Wheelock Properties Limited, in March 2010.

Gross floor area (thousand sq. m.)



In planning for the future Kwun Tong Line Extension and South Island Line (East), which will use the "Rail plus Property" model, we are currently in discussion with Government on property development rights relating to a site at the former Valley Road Estate in Ho Man Tin and a site at the former Wong Chuk Hang Estate respectively.

## Property Rental, Property Management and Other Businesses

The combined revenue of our property rental, property management and other businesses increased by 9.3% in 2010, as compared with 2009, to HK\$3,200 million.

### Property Rental

Total property rental income from Hong Kong and the Mainland of China rose by 8.2%, to HK\$2,758 million. Our shopping mall portfolio in Hong Kong reported an average 14% increase in rental reversion for the year. At 31 December 2010, our 12 shopping malls in Hong Kong and the Company's 18 floors at Two International Finance Centre remained close to 100% let. Our shopping malls in Hong Kong continued to receive recognition, winning over ten local and international awards, including Elements, which was listed in the Top 30 in the Gunn Report. Our shopping malls also received the Gold Prime Award for Eco-Business 2010 issued by Prime Magazine and the Business Environment Council in Hong Kong.



The quality residential towers, The Cullinan, above Kowloon Station

In Hong Kong, at the end of December 2010, the Company's attributable share of investment properties amounted to a lettable floor area of 225,650 square metres of retail properties, 41,090 square metres of offices and 11,202 square metres of real estate for other use.

In the Mainland of China, the Company's attributable share of investment properties stood at a lettable floor area of 18,351 square meters at the end of December 2010, comprising the Ginza Mall in Beijing, which was 97% let at year end. The mall achieved an average increase on rental reversion of 3.5% during 2010.

We have made vigorous efforts to promote energy conservation and environmental awareness in our shopping malls, which has resulted in certification by many Government Departments in areas ranging from indoor air quality, water quality, air conditioning, lighting and lifts.

**Property Management**

Property management revenue in 2010 was 1.9% lower, as compared to 2009, at HK\$203 million. As at 31 December 2010, commercial space under management in Hong Kong was virtually unchanged at 744,214 square metres. The number of residential units under our management in Hong Kong rose to 81,962 units, and our managed property portfolio in the Mainland of China totalled 776,402 square metres.

The Company's managed properties gained wide recognition from various government bodies during 2010 in areas covering safety, environmental protection and landscaping. One of our managed properties, the LOHAS Park development, has led the way in environmental protection, including the introduction of electric vehicle for security patrol, and the provision of electric vehicle charging facilities for residents.



Elements offers a variety of high quality shopping and dining

**Other Businesses**

**Ngong Ping 360**

The Ngong Ping cable car and associated theme village on Lantau Island saw revenue increase by 38.2% to HK\$239 million in 2010, as visitor numbers rose from about 1.4 million in 2009 to 1.7 million in 2010. The good performance was the result of smooth operations, increased sales of the premium "crystal cabin ride" and the launch of active promotional programmes throughout the year designed to penetrate different markets and enrich the travel experience of visitors.

The number of overseas tourists visiting Ngong Ping 360 increased by 35% during 2010, with growth coming mainly from visitors from the Mainland of China, India and South East Asia. In April 2010, Ngong Ping 360 Limited received ISO 9001:2008 certification and for the year, the cable car system achieved a reliability rate of over 99%. The service won a large number of awards, including The Pacific Asia Travel Association (PATA) Gold Award 2010 in the "Corporate Environment Programme", and the "Certificate of Quality Tourism Service Scheme" from the Hong Kong Tourism Board.

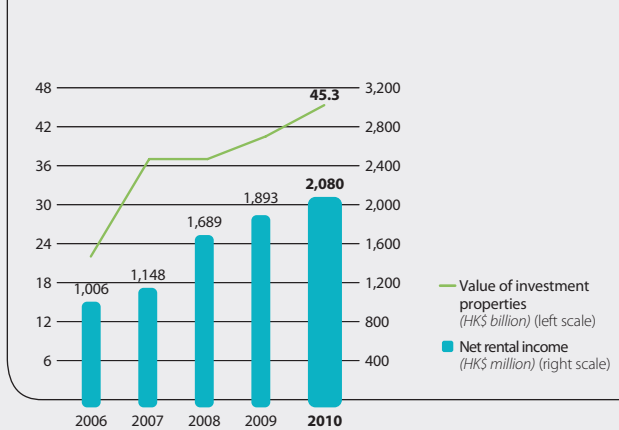


The active promotional programmes enhanced the travel experience of guests at Ngong Ping 360



### Investment Properties

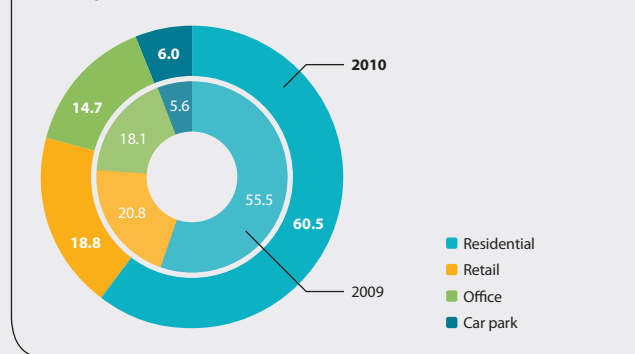
Rental income continued to grow with good rental reversion in shopping malls and increasing retail and office space in Hong Kong.



### Distribution of Property Management Income

At the end of the year, the Company had 81,962 residential units and 744,214 sq.m. of commercial properties under management in Hong Kong, and 776,402 sq.m. of managed GFA in Mainland China.

(Percentage)







Facilities such as the Clubhouse at Lake Silver are big attractions to residents

### Octopus

Octopus continued its expansion in the retail sector by recruiting more small to medium-sized retail merchants and introducing new applications to provide greater convenience to consumers and businesses. By the end of December, there were over 3,000 Octopus service providers in Hong Kong, including those served by Octopus-appointed acquirers. Cards in circulation were 23.1 million and average daily transaction volume and value were 11.5 million and HK\$106.6 million respectively. The Company's share of Octopus' net profit for 2010 was HK\$126 million, a decrease of 15.4% from 2009 which was mainly the result of one-off expenses incurred by Octopus relating to the data privacy incident.

## Property Development Packages Awarded and to be Completed

Location	Developers	Type	Gross floor area (sq. m.)	No. of parking spaces	Period of package tenders	Expected completion date
<b>Kowloon Station</b>						
Package Five, Six and Seven (Elements, International Commerce Centre, The Cullinan, W Hong Kong, The Harbourview Place)	Sun Hung Kai Properties Ltd.	Retail	82,750	1,683	Awarded in September 2000	Completed By phases from 2006-2010
		Office	231,778			
		Service apartment	72,472			
		Hotel	95,000			
		Residential	21,300			
		Kindergarten	1,045			
<b>Tseung Kwan O Station</b>						
Area 56	Sun Hung Kai Properties Ltd.	Residential	80,000	360	Awarded in February 2007	By phases from 2011-2012
		Hotel	58,130			
		Retail	20,000			
		Office	5,000			
		Car park				
<b>LOHAS Park Station</b>						
Package Two (Le Prestige)	Cheung Kong (Holdings) Ltd.	Residential	309,696	905	Awarded in January 2006	By phases from 2010-2012
		Kindergarten	800			
Package Three	Cheung Kong (Holdings) Ltd.	Residential	128,544	350	Awarded in November 2007	2013
		Kindergarten	1,000			
<b>Tai Wai Maintenance Centre</b>						
Festival City	Cheung Kong (Holdings) Ltd.	Residential	313,955	745	Awarded in April 2006	By phases from 2010-2011
		Car park				
<b>Che Kung Temple Station</b>						
	New World Development Co. Ltd.	Residential	89,792	232	Awarded in April 2008	2012
		Retail	193			
		Kindergarten	670			
<b>Austin Station</b>						
Sites C and D	New World Development Co. Ltd. Wheelock Properties Limited	Residential	119,116	592	Awarded in March 2010	2014
		Car park				
<b>Tuen Mun Station<sup>#</sup></b>						
	Sun Hung Kai Properties Ltd.	Residential	119,512	340	Awarded in August 2006	By phases from 2012-2013
		Retail	25,000			
		Car park				
<b>Tsuen Wan West Station TW7<sup>#</sup></b>						
	Cheung Kong (Holdings) Ltd.	Residential	113,064	444	Awarded in September 2008	2013
		Car park				

<sup>#</sup> as agent for the Government of HKSAR

## Property Development Packages to be Awarded <sup>Notes 1 and 2</sup>

Location	No. of packages envisaged	Type	Gross floor area ( <i>sq. m.</i> )	Expected no. of parking spaces	Period of package tenders	Expected completion date
<b>LOHAS Park Station</b>	6 – 10	Residential	1,025,220 – 1,035,220	3,303 (max)	2012-2016	2020
		Retail Car park	39,500 – 49,500			
<b>Tai Wai Station</b>	1 – 2	Residential	190,480	801	2011	2016
		Retail	62,000			
		Car park				
<b>Tin Shui Wai Light Rail (Tin Wing Road)</b>	1	Residential	91,051	267	2011	2016
		Retail	205			
		Car park				

### Notes:

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



Pre-sales of Phase 1 and Phase 2 of Festival City were launched in 2010

## Investment Property Portfolio in Hong Kong (as at 31 December 2010)

Location	Type	Lettable floor area (sq. m)	No. of parking spaces	Company's ownership interest
Telford Plaza I, Kowloon Bay, Kowloon	Shopping centre	39,510	–	100%
	Car park	–	993	100%
Telford Plaza II, Kowloon Bay, Kowloon	Shopping centre	19,285	–	50%
	Car park	–	136	50%
Luk Yeung Galleria, Tsuen Wan, New Territories	Shopping centre	11,224	–	100%
	Car park	–	651	100%
Paradise Mall, Heng Fa Chuen, Hong Kong	Shopping centre	18,772	–	100%
	Wet market	1,216	–	100%
	Car park	–	415	100%
Maritime Square, Tsing Yi	Shopping centre	28,843	–	100%
	Kindergarten	920	–	100%
	Car park	–	220	100%
	Motorcycle park	–	50	100%
The Lane, Hang Hau	Shopping centre	2,629	–	100%
	Car park	–	16	100%
	Motorcycle park	–	1	100%
The Edge, Tseung Kwan O	Shopping centre	7,621	–	70%
	Car park	–	50	70%
G/F, No. 308 Nathan Road, Kowloon	Shop unit	70	–	100%
G/F, No. 783 Nathan Road, Kowloon	Shop unit	36	–	100%
New Kwai Fong Gardens, Kwai Chung, New Territories	Kindergarten	540	–	100%
	Car park	–	126	100%
International Finance Centre (IFC), Central, Hong Kong				
– Two IFC	Office	39,404	–	100%
– One and Two IFC	Car park	–	1,308	51%
Phase I, Carpark Building, Kornhill, Quarry Bay, Hong Kong	Car park	–	292	100%
Roof Advertising Signboard, Admiralty Centre, No. 18 Harcourt Road, Hong Kong	Advertising signboard	–	–	100%
Ten Shop Units, First Floor Podium, Admiralty Centre, No. 18 Harcourt Road, Hong Kong	Shop unit	286	–	50%
Olympian City One, Tai Kok Tsui, Kowloon	Indoor sports hall	13,219	–	100%
Olympian City Two, Tai Kok Tsui, Kowloon	Shop unit	1,252	–	100%
Choi Hung Park & Ride Public Car Park, No. 8 Clear Water Bay Road, Choi Hung, Kowloon	Car park	–	54	51%
	Motorcycle park	–	10	51%
	Park & ride	–	450	51%
Elements, No. 1 Austin Road West, Kowloon	Shopping centre	44,745	–	81%
	Car park	–	898	81%
Cross Border Coach Terminus, No. 1 Austin Road West, Kowloon	Coach terminus	5,113	–	100%
Kindergarten, No. 1 Austin Road West, Kowloon	Kindergarten	1,045	–	81%
Plaza Ascot, Fo Tan	Shopping centre	7,551	–	100%
Royal Ascot, Fo Tan	Residential	2,784	–	100%
	Car park	–	20	100%
Ocean Walk, Tuen Mun	Shopping centre	6,111	–	100%
	Car park	–	32	100%
Sun Tuen Mun Shopping Centre, Tuen Mun	Shopping centre	8,985	–	100%
	Car park	–	421	100%
Hanford Plaza, Tuen Mun	Shopping centre	1,950	–	100%
	Car park	–	22	100%
Retail Floor and 1-6/F., Citylink Plaza, Sha Tin	Shopping centre	11,954	–	100%
Portion of G/F and portion of 1/F, MTR Hung Hom Building, Hung Hom	Office	1,686	–	100%
The Capitol, LOHAS Park*	Shop Unit	391	–	100%
Le Prestige, LOHAS Park	Kindergarten	800	2	100%

\* At The Capitol, there is also a Residential Care Home for the Elderly having a gross floor area of 3,100 square metres.

## Investment Property Portfolio in Hong Kong (as at 31 December 2010) (continued)

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

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

## Properties held for sale (as at 31 December 2010)

Location	Type	Gross floor area (sq.m.)	No. of parking spaces	Company's ownership interest
Island Harbourview, No. 11 Hoi Fai Road, Kowloon	Car park	–	579	40%
Olympian City One, No. 11 Hoi Fai Road, Kowloon	Shopping centre Car park	6,042* –	– 330	40% 40%
Bank of China Centre, No. 11 Hoi Fai Road, Kowloon	Car park	–	117	40%
The Arch, No. 1 Austin Road West, Kowloon	Residential Car park	857 –	– 15	38.5% 38.5%
Residence Oasis, No. 15 Pui Shing Road, Hang Hau, Tseung Kwan O	Car park Motorcycle park	– –	144 18	71% 71%
The Grandiose, No. 9 Tong Chun Street, Tseung Kwan O	Car park Motorcycle park	– –	65 24	70% 70%
Harbour Green, No. 8 Sham Mong Road, Kowloon	Car park Kindergarten	– 1,299	47 –	35% 50%
Caribbean Coast, No. 1 Kin Tung Road, Tung Chung	Car park	–	12	20%
Coastal Skyline, No. 12 Tung Chung Waterfront Road, Tung Chung	Car park	–	146	20%
The Palazzo, No. 28 Lok King Street, Shatin	Residential Retail Car park Motorcycle park	13,402 2,000 – –	– – 239 15	55% 55% 55% 55%
Lake Silver, No. 599, Sai Sha Road, Shatin	Residential Retail Kindergarten Car park Motorcycle park	10,871 3,000 1,000 – –	– – – 309 36	93% 93% 93% 93% 93%
Le Prestige, LOHAS Park, Tseung Kwan O	Car park	–	337	52.93%

\* Lettable floor area

## Managed properties in Hong Kong (as at 31 December 2010)

Number of managed residential flats	81,962 units
Area of managed commercial and office space	744,214 sq.m.