

HONG KONG PROPERTY AND OTHER BUSINESSES

Managing over
99,000
residential units



AIM

We aim to be an industry leader in creating integrated communities for Hong Kong citizens, creating sustainable communities by developing sites along our rail network and providing excellent service as manager of these developments. This relies on expertise that covers all aspects of property development and management, together with strong community engagement.

CHALLENGES

Property Rental

- Expanding our investment property portfolio without affecting existing railway operations and new railway projects
- Changes in customer behaviour and retail space demand due to the evolving market environment such as e-commerce development
- Uncertainties caused by the US-China trade tensions and volatility in the equity market affected sentiment and tourists' spend

Property Management

- Statutory changes are impacting the residential property management industry in Hong Kong, ranging from licensing to procurement and maintenance

Property Development

- The market is vulnerable to potential interest rate rises and to fluctuations in global capital flows

STRATEGIES

Property Safety

- Safety at our construction sites, investment and managed properties and adjoining railway facilities is our top priority

Property Rental

- Enhance the capital value of our investment property portfolio through optimising the trade mix in existing malls and achieving growth in attributable gross floor area by adding new, quality retail space
- Develop sustainable and innovative strategies to combat the impact of e-commerce

Property Management

- Enhance our property management service so that we meet or exceed customer requirements and expectations
- Promote green projects with greater energy efficiency to foster health and sustainability in our managed properties

About **20,000**
residential units
under development



3 shopping malls
under development



13
shopping malls
in our portfolio



SHOPPING MALL



Property Development

- Optimise the integration between our property developments and the railway network, as well as other modes of transport
- Expand, through seeking the rezoning of feasible existing railway sites and through applying the proven “Rail plus Property” integrated development model to potential new rail projects under Railway Development Strategy 2014
- Deliver property developments awarded to a high standard, on time and within budget
- Pursue continuous improvement in our standards through innovation and capturing new development opportunities

OUTLOOK

Our property businesses generate various sources of profit. Property rental income will be subject to market conditions though partly moderated by the stable rent structure in the typical three-year tenancy cycle. Revenue from property management is recurrent and dependent on the properties

under management, which will increase as new projects are completed. Profit from property development is dependent on the sale of property developments and construction progress and will vary from year to year. The booking of development profits for LOHAS Park Package 5 (with about 97% units sold) and the shopping centre of LOHAS Park Package 7 in 2019 is now dependent on the construction progress.

Subject to market conditions over the next 12 months or so, we aim to tender out three property development packages. These packages are likely to be our eleventh and twelfth packages at LOHAS Park and our fourth package at Wong Chuk Hang Station. These packages are expected to provide about 4,500 residential units in total. In the first half of 2019 we expect to commence the pre-sale of our seventh property development package at LOHAS Park.



PROPERTY DEVELOPMENT
PROFIT (BEFORE TAX)



HK\$2,574m

PROPERTY RENTAL AND
MANAGEMENT



EBITDA
HK\$4,242m

3.5%



EBIT
HK\$4,225m

3.5%

FINANCIAL PERFORMANCE

The financial performance of our Hong Kong property rental and property management businesses is summarised as follows:

| In HK\$ million | Year ended 31 December | | |
|---|------------------------|-------|----------------|
| | 2018 | 2017 | Inc./ (Dec.) % |
| Hong Kong Property Rental and Property Management Businesses | | | |
| Revenue from Property Rental | 4,748 | 4,608 | 3.0 |
| Revenue from Property Management | 307 | 292 | 5.1 |
| Total Revenue | 5,055 | 4,900 | 3.2 |
| Operating profit before depreciation, amortisation and variable annual payment ("EBITDA") | 4,242 | 4,098 | 3.5 |
| Operating profit before interest and finance charges and after variable annual payment ("EBIT") | 4,225 | 4,082 | 3.5 |
| EBITDA Margin (in %) | 83.9% | 83.6% | 0.3% pt. |
| EBIT Margin (in %) | 83.6% | 83.3% | 0.3% pt. |

PROPERTY RENTAL

Property rental revenue increased by 3.0% to HK\$4,748 million in 2018, mainly due to rental increases in accordance with lease agreements and the full year impact of new retail space opened in 2017. Our shopping malls in Hong Kong achieved positive rental reversion of 1.5% during 2018. For the year 2018, our shopping malls in Hong Kong and the Company's 18 floors in Two International Finance Centre were close to 100% let.

As at 31 December 2018, the Company's attributable share of investment properties in Hong Kong was 217,486 square metres of lettable floor area of retail properties, 39,410 square

metres of lettable floor area of offices and 17,764 square metres of property for other use.

The grand opening of Maritime Square 2 was held on 7 February 2018 and all shops were fully opened within the first quarter of 2018. The ground floor of Maritime Square 1 was renovated during the year and progressively opened from October 2018 onwards. Paradise Mall has been successfully repositioned following the introduction of the "sports and well-being" zone and the addition of other entertainment anchors to the trade mix. Improvements have been registered in both sales turnover and footfall.

The Company's commercial portfolio won a large number of accolades in 2018, some of which are listed in the "Awards" section on page 39.



BUSINESS REVIEW
HONG KONG PROPERTY AND OTHER BUSINESSES

Investment Property Portfolio in Hong Kong (as at 31 December 2018)

| Location | Type | Lettable floor area (sq. m.) | No. of parking spaces | Company's ownership interest |
|---|-----------------------|------------------------------|-----------------------|------------------------------|
| Telford Plaza I, Kowloon Bay, Kowloon | Shopping Centre | 39,305 | – | 100% |
| | Car park | – | 993 | 100% |
| Telford Plaza II 7-8/F, Kowloon Bay, Kowloon | Shopping Centre | 2,397 | – | 100% |
| Telford Plaza II 3-6/F, Kowloon Bay, Kowloon | Shopping Centre | 19,057 | – | 50% |
| | Car park | – | 136 | 50% |
| Luk Yeung Galleria, Tsuen Wan, New Territories | Shopping Centre | 11,094 | – | 100% |
| | Car park | – | 651 | 100% |
| Paradise Mall, Heng Fa Chuen, Hong Kong | Shopping Centre | 15,397 | – | 100% |
| | Wet Market | 1,216 | – | 100% |
| | Kindergarten | 2,497 | – | 100% |
| | Car park | – | 415 | 100% |
| Maritime Square 1, Tsing Yi | Shopping Centre | 28,535 | – | 100% |
| | Kindergarten | 920 | – | 100% |
| | Car park | – | 220 | 100% |
| | Motorcycle park | – | 50 | 100% |
| Maritime Square 2, Tsing Yi | Shopping Centre | 6,448 | – | 100% |
| | Car park | – | 65 | 100% |
| | Motorcycle park | – | 21 | 100% |
| The Lane, Hang Hau | Shopping Centre | 2,629 | – | 100% |
| | Car park | – | 16 | 100% |
| | Motorcycle park | – | 1 | 100% |
| PopCorn 2, Tseung Kwan O | Shopping Centre | 8,456 | – | 70% |
| | Car park | – | 50 | 70% |
| PopCorn 1, Tseung Kwan O | Shopping Centre | 12,173 | – | 50% |
| | Car park | – | 115 | 50% |
| | Motorcycle park | – | 16 | 50% |
| 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 | 39,410 | – | 100% |
| | – One and Two ifc | – | 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 | 1,096 | – | 100% |
| Choi Hung Park & Ride Public Car Park, No. 8 Clear Water Bay Road, Choi Hung, Kowloon | Car park | – | 54 | 100% |
| | Motorcycle Park | – | 10 | 100% |
| | Park & Ride | – | 450 | 100% |
| Elements, No. 1 Austin Road West, Kowloon | Shopping Centre | 45,578 | – | 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 | 7,720 | – | 100% |
| Royal Ascot, Fo Tan | Residential | 2,784 | – | 100% |
| | Car park | – | 20 | 100% |
| Ocean Walk, Tuen Mun | Shopping Centre | 6,083 | – | 100% |
| | Car park | – | 32 | 100% |
| Sun Tuen Mun Shopping Centre, Tuen Mun | Shopping Centre | 9,022 | – | 100% |
| | Car park | – | 421 | 100% |

Investment Property Portfolio in Hong Kong (as at 31 December 2018)(continued)

| Location | Type | Lettable floor area (sq. m.) | No. of parking spaces | Company's ownership interest |
|---|---------------------------------------|------------------------------|-----------------------|------------------------------|
| Hanford Plaza, Tuen Mun | Shopping Centre | 1,924 | – | 100% |
| | Car park | – | 22 | 100% |
| Retail Floor and 1-6/F., Citylink Plaza, Shatin | Shopping Centre | 12,154 | – | 100% |
| The Capitol, LOHAS Park | Shop Unit | 391 | – | 100% |
| | Residential Care Home for the Elderly | 2,571 | – | 100% |
| Le Prestige, LOHAS Park | Kindergarten | 800 | – | 100% |
| | Car park | – | 2 | 100% |
| The Riverpark, Che Kung Temple | Shop Unit | 154 | – | 100% |
| | Kindergarten | 708 | – | 100% |
| Hemera, LOHAS Park | Kindergarten | 985 | – | 100% |

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 1 and 2, 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
- PopCorn 2 where the Government Lease expires on 27 March 2052
- LOHAS Park where the Government Lease expires on 15 May 2052
- Citylink Plaza where the Government Leases expire on 1 December 2057
- The Shop Units and Kindergarten of The Riverpark, Che Kung Temple where the Government Lease expires on 21 July 2058

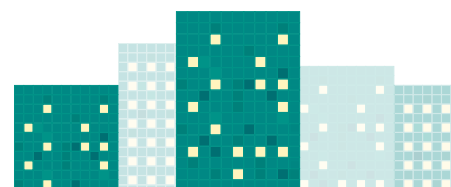
Properties held for sale (as at 31 December 2018)

| Location | Type | Lettable floor area (sq. m.) | No. of parking spaces | Company's ownership interest |
|---|-----------------|------------------------------|-----------------------|------------------------------|
| Olympian City One, No. 11 Hoi Fai Road, Kowloon | Shopping centre | 6,026* | – | 40% |
| | Car park | – | 330 | 40% |
| Bank of China Centre, No. 11 Hoi Fai Road, Kowloon | Car park | – | 117 | 40% |
| The Arch, No. 1 Austin Road West, Kowloon | Residential | 548** | – | 38.5% |
| | Car park | – | 12 | 38.5% |
| Harbour Green, No. 8 Sham Mong Road, Kowloon | Kindergarten | 1,299 | – | 50% |
| Residence Oasis, No. 15 Pui Shing Road, Hang Hau, Tseung Kwan O | Motorcycle park | – | 18 | 71% |
| The Grandiose, No. 9 Tong Chun Street, Tseung Kwan O | Motorcycle park | – | 24 | 70% |
| Hemera, LOHAS Park, Tseung Kwan O | Car park | – | 1 | 100% |
| Wing at Sea and Wings at Sea II, LOHAS Park, Tseung Kwan O | Residential | 140,747*** | – | 20.1% |
| | Car park | – | 435 | 20.1% |
| | Motorcycle park | – | 46 | 20.1% |
| The Palazzo, No. 28 Lok King Street, Shatin | Residential | 749*** | – | 55% |
| | Retail | 2,000 | – | 55% |
| | Car park | – | 15 | 55% |
| | Motorcycle park | – | 5 | 55% |
| Festival City, No. 1 Mei Tin Road, Shatin | Car park | – | 85 | 100% |
| Lake Silver, No. 599 Sai Sha Road, Shatin | Residential | 1,674** | – | 92.88% |
| | Retail | 3,000 | – | 92.88% |
| | Kindergarten | 1,000 | – | 92.88% |
| | Car park | – | 38 | 92.88% |
| The Riverpark, No. 8 Che Kung Miu Road, Shatin | Car park | – | 3 | 87% |

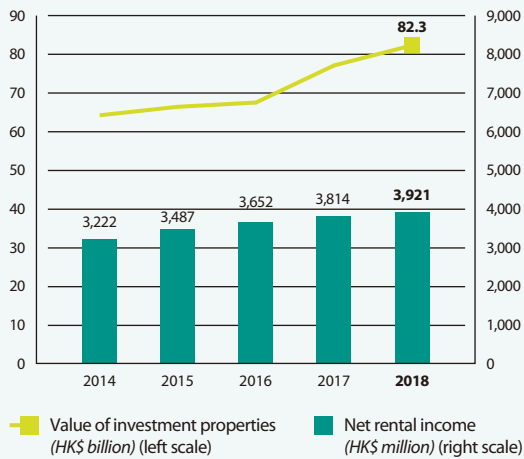
* Lettable floor area

** Brochure gross floor area as per previously issued marketing brochures

*** Saleable area

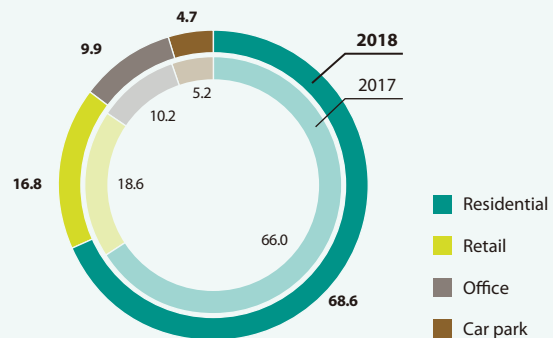


Investment Properties



Distribution of Hong Kong Property Management Income

(Percentage)



PROPERTY MANAGEMENT

Hong Kong property management revenue in 2018 increased by 5.1% to HK\$307 million. As at 31 December 2018, MTR managed more than 99,000 residential units and more than 772,000 square metres of commercial space in Hong Kong.

As in previous years, the excellence of our property management secured a number of awards in 2018, some of which are listed in the “Awards” section on page 39.

PROPERTY DEVELOPMENT

Hong Kong property development profit (before tax) in 2018 totalled HK\$2,574 million, and was mainly derived from booking of profits from Wings at Sea and Wings at Sea II (LOHAS Park Package 4), sales of inventory car parking spaces, as well as further surplus proceeds released from completed property development projects.

Pre-sales

During 2018, pre-sales were launched for two new developments, namely MALIBU (LOHAS Park Package 5) in March 2018 and LP6 (LOHAS Park Package 6) in September 2018. Both developments attracted strong interest from buyers, and as at 31 December 2018, about 97.4% of the 1,600 units of MALIBU and 64.9% of the 2,392 units of LP6 had been sold. Meanwhile, pre-sales continued for Wings at Sea and Wings at Sea II (LOHAS Park Package 4), which were launched in 2017. As at 31 December 2018, about 97.4%

of the 1,040 units of Wings at Sea and about 81.4% of the 1,132 units of Wings at Sea II had been sold. Occupation Permits for Wings at Sea and Wings at Sea II were issued on 12 December 2018.

For West Rail property development projects, where we act as agent for the relevant subsidiaries of Kowloon-Canton Railway Corporation (“KCRC”), pre-sales continued for THE PAVILIA BAY (the Tsuen Wan West Station (TW6) site) and Ocean Supreme (the Tsuen Wan West Station (TW5) Bayside site). Units in these projects have been substantially sold. The relaunch of remaining unsold units at Cullinan West II (Phase 2 of the Nam Cheong Station site) took place in August 2018 with 95% of the 1,188 units sold as at 31 December 2018. Pre-sale of Sol City (the Long Ping Station (South) site) was launched in October 2018 and as at 31 December 2018, about 30% of the 720 units had been sold.



Property tendering

In our property tendering activities, the Yau Tong Ventilation Building site was awarded to Top Oasis Limited, a consortium formed by Sino Land Company Limited and CSI Properties Limited, in May 2018. In August 2018, our third package at Wong Chuk Hang Station was awarded to a subsidiary of CK Asset Holdings Limited. As part of this tender we will

retain ownership of the 47,000 square metres gross floor area (“GFA”) shopping centre at Wong Chuk Hang when the mall is completed, which is targeted at the end of 2023. On 23 October 2018, the tender for Ho Man Tin Station Package 2 Property Development was awarded to an associated company of Chinachem Group.

BUSINESS REVIEW

HONG KONG PROPERTY AND OTHER BUSINESSES

Progress of Property Development Packages Awarded

| Location | Project Status | | |
|----------------------------------|----------------|------------------|----------------|
| | Design | Foundation Works | Superstructure |
| Ho Man Tin Station Package 1 | Completed | In Progress | |
| Ho Man Tin Station Package 2 | In Progress | | |
| LOHAS Park Package 4 | Completed | Completed | Completed |
| LOHAS Park Package 5 | Completed | Completed | In Progress |
| LOHAS Park Package 6 | Completed | Completed | In Progress |
| LOHAS Park Package 7 | Completed | Completed | In Progress |
| LOHAS Park Package 8 | Completed | | In Progress |
| LOHAS Park Package 9 | Completed | Completed | In Progress |
| LOHAS Park Package 10 | Completed | Completed | In Progress |
| Tai Wai Station | Completed | In Progress | In Progress |
| Tin Wing Stop | Completed | In Progress | |
| Wong Chuk Hang Station Package 1 | Completed | In Progress | |
| Wong Chuk Hang Station Package 2 | In Progress | | |
| Wong Chuk Hang Station Package 3 | In Progress | | |
| Yau Tong Ventilation Building | In Progress | | |

West Rail Line Property Development Plan

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

| Station/Site | Site Area (hectares) | Actual/Expected tender award date | Actual/Expected completion date |
|--|-------------------------|---|------------------------------------|
| Property Development Packages Awarded | | | |
| Tuen Mun | 2.65 | August 2006 | By phases from 2012 – 2014 |
| Tsuen Wan West (TW7) | 2.37 | September 2008 | 2014 |
| Nam Cheong | 6.18 | October 2011 | By phases from 2017 – 2019 |
| Long Ping (North) | 0.99 | October 2012 | 2017 |
| Tsuen Wan West (TW5) Cityside | 1.34 | January 2012 | 2018 |
| Tsuen Wan West (TW5) Bayside | 4.29 | August 2012 | 2018 |
| Tsuen Wan West (TW6) | 1.38 | January 2013 | 2018 |
| Long Ping (South) | 0.84 | June 2013 | 2019 |
| Yuen Long | 3.91 | August 2015 | 2022 |
| Kam Sheung Road Package 1 | 4.17 | May 2017 | 2025 |
| | 28.12 | | |
| Property Development Packages to be Awarded | | | |
| Kam Sheung Road Package 2 | About 5.17 | 2024 – 2025 | 2031 – 2032 |
| Pat Heung Maintenance Centre | About 23.56 | Under review | Under review |
| | 28.73 | | |
| Total | 56.85 | | |

Property Development Packages Completed during the year and Awarded

| Location | Developers | Type | Gross floor area (sq. m.) | Tender award date | Expected completion date |
|--------------------------------------|---|--------------|---------------------------|-------------------|----------------------------|
| Ho Man Tin Station | | | | | |
| Package 1 | Goldin Financial Holdings Limited | Residential | 69,000 | December 2016 | 2022 |
| Package 2 | Chinachem Group | Residential | 59,400 | October 2018 | 2024 |
| LOHAS Park Station | | | | | |
| Wings at Sea and Wings at Sea II | Sun Hung Kai Properties Limited | Residential | 122,302 | April 2014 | 2018 |
| MALIBU | Wheelock and Company Limited | Residential | 102,336 | November 2014 | 2019 |
| LP6 | Nan Fung Group Holdings Limited | Residential | 136,970 | January 2015 | 2020 |
| Package 7 | Wheelock and Company Limited | Residential | 70,260 | June 2015 | 2022 |
| | | Retail | 44,500 | | |
| | | Kindergarten | 1,160 | | |
| Package 8 | CK Asset Holdings Limited | Residential | 97,000 | October 2015 | 2021 |
| Package 9 | Wheelock and Company Limited | Residential | 104,110 | December 2015 | 2022 |
| | | Kindergarten | 810 | | |
| Package 10 | Nan Fung Group Holdings Limited | Residential | 75,400 | March 2016 | 2022 |
| Tai Wai Station | | | | | |
| Tai Wai | New World Development Company Limited | Residential | 190,480 | October 2014 | 2022 |
| | | Retail | 60,620* | | |
| Tin Wing Stop | | | | | |
| Tin Wing | Sun Hung Kai Properties Limited | Residential | 91,051 | February 2015 | 2021 |
| | | Retail | 205 | | |
| Wong Chuk Hang Station | | | | | |
| Package 1 | Road King Infrastructure Limited and Ping An Real Estate Company Limited | Residential | 53,600 | February 2017 | 2022 |
| Package 2 | Kerry Properties Limited and Sino Land Company Limited | Residential | 45,800 | December 2017 | 2023 |
| Package 3 | CK Asset Holdings Limited | Residential | 92,900 | August 2018 | 2024 |
| | | Retail | 47,000 | | |
| Yau Tong Ventilation Building | | | | | |
| Yau Tong Ventilation Building | Sino Land Company Limited and CSI Properties Limited | Residential | 30,225 | May 2018 | 2025 |
| Kam Sheung Road Station# | | | | | |
| Package 1 | Sino Land Company Limited, China Overseas Land & Investment Limited and K. Wah International Holdings Limited | Residential | 114,896 | May 2017 | 2025 |
| Long Ping Station# | | | | | |
| Sol City | Chinachem Group | Residential | 41,990 | June 2013 | 2019 |
| Nam Cheong Station# | | | | | |
| Cullinan West | Sun Hung Kai Properties Limited | Residential | 214,700 | October 2011 | By phases from 2017 – 2019 |
| | | Retail | 26,660 | | |
| | | Kindergarten | 1,000 | | |
| Tsuen Wan West Station# | | | | | |
| PARC CITY | Chinachem Group | Residential | 66,114 | January 2012 | 2018 |
| | | Retail | 11,210 | | |
| Ocean Pride and Ocean Supreme | CK Asset Holdings Limited | Residential | 167,100 | August 2012 | 2018 |
| | | Retail | 40,000 | | |
| | | Kindergarten | 550 | | |
| THE PAVILIA BAY | New World Development Co. Ltd. and Vanke Property (Overseas) Limited | Residential | 62,711 | January 2013 | 2018 |
| Yuen Long Station# | | | | | |
| Yuen Long | Sun Hung Kai Properties Limited | Residential | 126,455 | August 2015 | 2022 |
| | | Retail | 11,535^ | | |

as a development agent for the relevant subsidiaries of KCRC

* excluding a bicycle park with cycle track

^ including a 24-hour pedestrian walkway and a covered landscape plaza

Property Development Packages to be Awarded ^{Notes 1 and 2}

| Location | Type | Gross floor area (sq. m.) | Period of package tenders | Expected completion date |
|------------------------|-------------|---------------------------|---------------------------|--------------------------|
| LOHAS Park Station | Residential | About 320,000 | 2019 – 2021 | 2024 – 2026 |
| Wong Chuk Hang Station | Residential | 165,200 | | |

Notes:

1 Property development packages for which we are acting as development agent for the relevant subsidiaries of KCRC 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.

EXPANDING THE PROPERTY PORTFOLIO

The expansion of our Hong Kong rail network provides additional opportunities for residential and commercial property developments.

Investment Properties

During the coming few years, we will add three projects totalling 152,120 square metres GFA to our shopping centre portfolio, increasing attributable GFA by approximately 49%. These three projects, namely the LOHAS Park shopping centre, Tai Wai shopping centre and the shopping centre at Wong Chuk Hang, are all underway.

LOHAS Park shopping centre

Construction works for the 44,500 square metres GFA shopping centre at LOHAS Park were 50% complete as at 31 December 2018 and the project remains on target for completion by the second half of 2020. The Company will contribute a total of HK\$4.98 billion to the whole property development project, of which HK\$2.44 billion has already been invested. The remaining HK\$2.54 billion will be paid upon the completion of mall construction, which is expected to be in 2019. MTR will also bear the fit out cost of the shopping centre. Upon completion of the whole project, MTR will retain the

ownership of the shopping centre, in addition to profit sharing from the development of LOHAS Park Package 7.

Tai Wai shopping centre

Construction works for the 60,620 square metres GFA shopping centre at Tai Wai were 20% complete as at 31 December 2018. The foundation works of the Tai Wai shopping centre are progressing more slowly than planned. This is due to the measures required to address ground settlement at a localised area of the southbound platform at Tai Wai Station on the East Rail Line. The targeted project completion is now 2023. The Company has already contributed HK\$7.5 billion to the whole property development package, and will, in addition to profit sharing from the whole development, retain ownership of the mall when completed and bear the fit-out costs.

Wong Chuk Hang shopping centre

The 47,000 square metres GFA shopping centre at Wong Chuk Hang is targeted for completion at the end of 2023. The Company will bear the fit-out costs and retain ownership of the mall when it is completed, in addition to profit arising from the whole development of Wong Chuk Hang Station Package 3.





Property Development

In residential property, during the past five years, 14 MTR property development packages which have been tendered out are now in various stages of planning and construction. About 20,000 residential units, with a total GFA of about 1.22 million square metres, will be delivered to the market in the next six years or so.

To provide more private housing in Hong Kong, we are also seeking to develop property above some of our existing rail facilities. The first of these is the development over our Yau Tong Ventilation Building, for which the tender was awarded in May 2018.

In her 2018 Policy Address, the HKSAR Chief Executive announced Government's plan to develop the Siu Ho Wan Depot Site into a Siu Ho Wan community with public and private housing as well as community facilities. We fully understand the public's demand for increasing housing supply in Hong Kong, including the provision for public housing, and we are exploring the details with Government to find the most suitable way forward. A draft Siu Ho Wan Outline Zoning Plan was gazetted on 29 March 2018 and the first Town Planning Board hearing was held on 26 October 2018. The Chief Executive in Council has approved the draft Siu Ho Wan Outline Zoning Plan on 12 February 2019. At this preliminary stage there is no assurance that this project will be commercially viable.

OTHER BUSINESSES

Ngong Ping 360

Visitor numbers and revenue at the Ngong Ping Cable Car and associated theme village ("Ngong Ping 360") grew strongly as a result of the revival in tourist numbers and people using the new Hong Kong-Zhuhai-Macao Bridge. Average daily visitor numbers in 2018 were 5,385, the highest level recorded since 2007. Revenue increased by 81.0% to HK\$476 million, also the highest since opening. Total visitor numbers were up by 75.3% to 1.83 million. The significant increase in total revenue and visits also in part reflected the fact that the cable car was closed for five months in 2017 for large-scale rope replacement work.

VR 360, a new attraction housing virtual reality and multi-media interactive games, was launched in February 2018. This is a novel crossover project involving local tourism, film,

fashion and innovative technology industries. Among awards gained by Ngong Ping 360 during the year was the "Market Leadership Award in Event Destination 2017/2018" from the Hong Kong Institute of Marketing.

Octopus

The Company's share of profit from Octopus Holdings Limited in 2018 rose by 27.7% to HK\$221 million, mainly due to higher transaction volumes as well as local projects and investment income. As at 31 December 2018, more than 17,000 service providers in Hong Kong accepted Octopus payments. Total cards and other stored-value Octopus products in circulation stood at 36.1 million, while average daily transaction volumes and value were 15.0 million and HK\$208.9 million respectively.